



Committed to the future of rural communities.

RURAL DEVELOPMENT SOUTH DAKOTA

VISION STATEMENT

“A rural America that is a healthy, safe, and prosperous place to live and work.”

MISSION STATEMENT

“To increase economic opportunity and improve the quality of life for all rural Americans.”

Loan & Grant Programs and Technical Assistance

(Updated 01/06/2011)

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United States Department of Agriculture
Rural Development
Huron State Office



ELSIE M. MEEKS
STATE DIRECTOR - SOUTH DAKOTA

Dear Friends:

USDA Rural Development is committed to the future of rural communities. Our programs are designed to fulfill that mission by helping communities, businesses and individuals in rural America prosper. This resource directory is an introduction to the programs administered by USDA Rural Development.

USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for people in rural America. As a result, we are committed to promoting economic and rural development in South Dakota. We believe that Rural America contributes significantly to the economic growth of America. Our programs recognize the importance of community and rural development as well as the role agriculture plays in the lives of South Dakotans. We continue to look for ways in which we can support agricultural business activities, home ownership and other initiatives that lead to jobs and opportunity in rural areas.

If you need additional information on any of our programs, please visit one of our offices, or give our state office a call at 1-800-670-6553. We look forward to assisting and meeting you.

Sincerely,

ELSIE M. MEEKS
State Director

Attachments

200 4th Street SW • Federal Building • Room 210 • Huron, SD 57350
Phone: (605) 352-1100 or 1-800-670-6533 • Fax: (605) 352-1146 • TDD: (605) 352-1147 • Web: <http://www.rurdev.usda.gov/sd>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

USDA RURAL DEVELOPMENT - SOUTH DAKOTA

OFFICE LOCATIONS & ADDRESSES:

ELSIE M. MEEKS, STATE DIRECTOR
STATE OFFICE
200 4TH STREET SW FEDERAL BLDG RM 210
HURON SD 57350-2477
Telephone: (605) 352-1100 or 1-800-670-6553
Facsimile : (605) 352-1146; TTY: (605) 352-1147

AREA I

Contact: Bruce Jones
Area Director
bruce.jones@sd.usda.gov

ABERDEEN AREA OFFICE
524 ENTERPRISE STREET S SUITE 100
ABERDEEN SD 57401
Telephone: (605) 226-3360, Ext. 4
Facsimile : (605) 225-7829

WATERTOWN AREA OFFICE
810 JENSON AVE SE SUITE 2
WATERTOWN SD 57201-5256
Telephone: (605) 886-8202, Ext. 4
Facsimile : (605) 882-3268

(Area I serves Brookings, Brown, Campbell, Clark, Codington, Day, Deuel, Edmunds, Faulk, Grant, Hamlin, Kingsbury, McPherson, Marshall, Roberts, Spink, and Walworth Counties.)

AREA III

Contact: Tim Potts
Area Director
tim.potts@sd.usda.gov

RAPID CITY AREA OFFICE
1530 SAMCO ROAD SUITE 2
RAPID CITY SD 57702-8007
Telephone: (605) 342-0301, Ext. 4
Facsimile : (605) 341-0583

PIERRE AREA OFFICE
1717 N LINCOLN AVE SUITE 102
PIERRE SD 57501-3109
Telephone: (605) 224-8870, Ext. 4
Facsimile : (605) 224-1803

(Area III serves Bennett, Butte, Custer, Corson, Dewey, Fall River, Haakon, Harding, Hughes, Hyde, Jackson, Jones, Lawrence, Lyman, Meade, Mellette, Pennington, Perkins, Potter, Shannon, Stanley, Sully, Todd, Tripp, and Ziebach Counties.)

- **Rural Utilities Service (RUS) Electric Program General Field Representatives**
Michelle Colson(605) 224-8060
Tim Bohan(701) 222-0682
Mark Doyle(701) 265-4094
- **Rural Utilities Service (RUS) Telecommunications Program General Field Representative**
Eastern South Dakota..... Tom Jensen(202) 834-3393
- **Rural Utilities Service (RUS) Telecommunications Program General Field Representative**
Western South Dakota..... Wayne Ahlgren.....(701) 258-7508

AREA II

Contact: Trace Davids
Area Director
trace.davids@sd.usda.gov

SIOUX FALLS AREA OFFICE
2408 EAST BENSON ROAD
SIOUX FALLS SD 57104
Telephone: (605) 330-4515, Ext. 4
Facsimile : (605) 330-4595

MITCHELL AREA OFFICE
1820 NORTH KIMBALL SUITE C
MITCHELL SD 57301-1114
Telephone: (605) 996-1564, Ext. 4
Facsimile : (605) 996-0130

YANKTON AREA OFFICE
2914 BROADWAY
YANKTON SD 57078
Telephone: (605) 665-2662, Ext. 4
Facsimile : (605) 668-9729

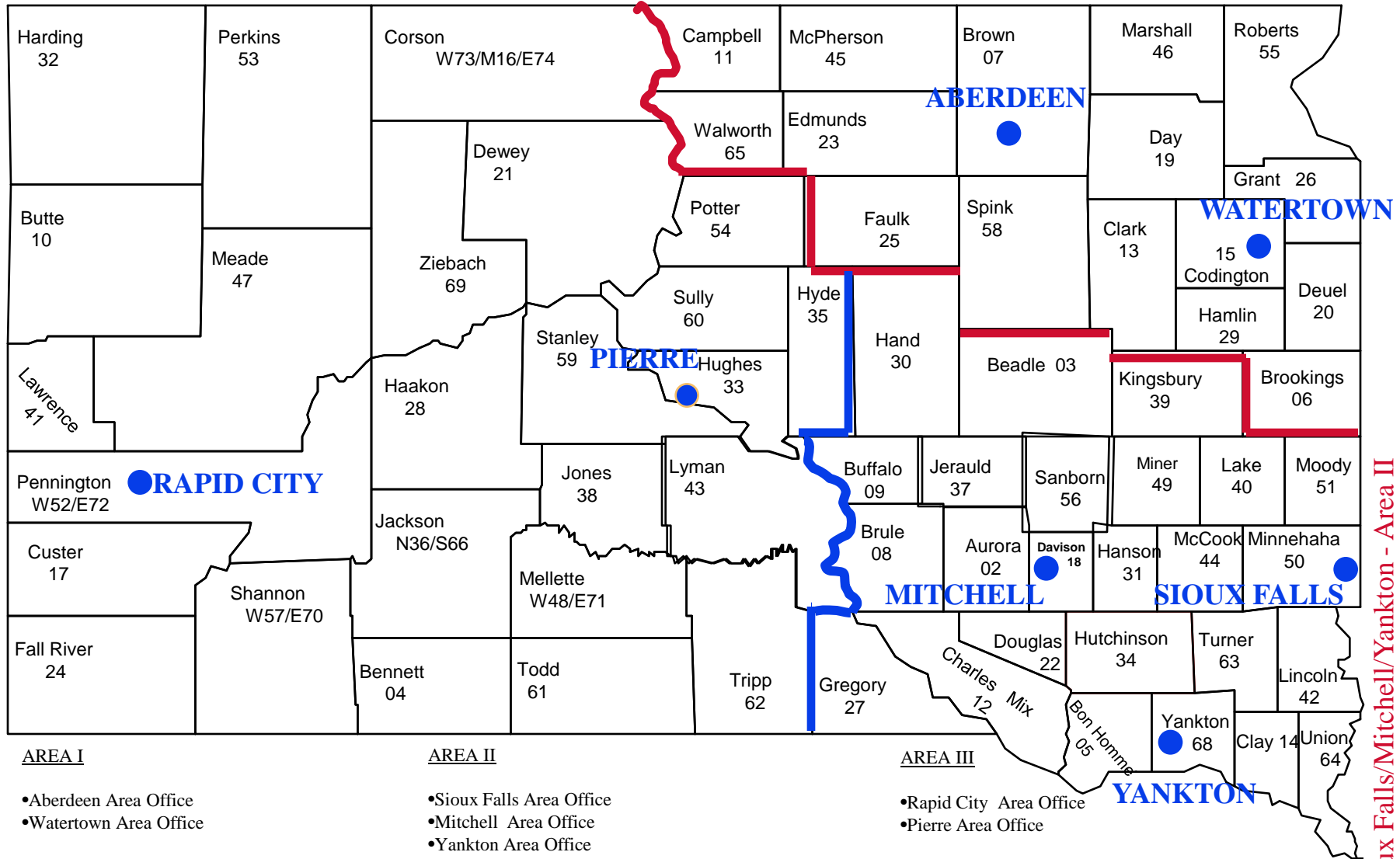
(Area II serves Aurora, Beadle, Bon Homme, Brule, Buffalo, Charles Mix, Clay, Davison, Douglas, Gregory, Hand, Hanson, Hutchinson, Jerauld, Lake, Lincoln, McCook, Miner, Minnehaha, Moody, Sanborn, Turner, Union, and Yankton Counties.)

USDA - RURAL DEVELOPMENT

SOUTH DAKOTA

Rapid City/Pierre - Area III

Aberdeen/Watertown - Area 1



Sioux Falls/Mitchell/Yankton - Area II

(Area I serves Brookings, Brown, Campbell, Clark, Codington, Day, Deuel, Edmunds, Faulk, Grant, Hamlin, Kingsbury, McPherson, Marshall, Roberts, Spink, and Walworth Counties.)

(Area II serves Aurora, Beadle, Bon Homme, Brule, Buffalo, Charles Mix, Clay, Davison, Douglas, Gregory, Hand, Hanson, Hutchinson, Jerauld, Lake, Lincoln, McCook, Miner, Minnehaha, Moody, Sanborn, Turner, Union, and Yankton Counties.)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Water And Environmental Programs

USDA Rural Development administers a water and wastewater loan and grant program to improve the quality of life and promote economic development in rural America. At the State and local levels, the program is administered by field offices of Rural Development.

Water And Waste Disposal Loans

The purpose of this program is to develop water and waste disposal systems, including solid waste disposal and storm drainage, in rural areas and towns with a population of 10,000 or less. Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to corporations operated on a not-for-profit basis. Priority will be given to public entities in areas with less than 5,500 people to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste facility. Also, preference will be given to requests which involve the merging of small facilities and those serving low-income communities. In addition, applicants must:

1. Be unable to obtain needed funds from other sources at reasonable rates and terms.
2. Have legal capacity to borrow and repay loans, to pledge security for loans, and to operate and maintain the facilities or services.
3. Be financially sound and able to manage the facility effectively.
4. Have a financially sound facility based on taxes, assessments, revenues, fees, or other satisfactory sources of income to pay all facility costs including operation and maintenance, and to retire the indebtedness and maintain a reserve.

Water or waste disposal systems must be consistent with any development plans of the State, multi-jurisdictional area, counties, or municipalities in which the proposed project is located. All facilities must comply with Federal, State, and local laws including those concerned with zoning regulations, health and sanitation standards, and the control of water pollution.

Water And Waste Disposal Grants

The purpose of this program is to reduce water and waste disposal costs to a reasonable level for facilities serving the most financially needy communities/users of the system. Grants may be made, in some instances, up to 75% of eligible project costs. Eligible applicants are the same as for the loans.

Water And Waste Disposal Loan And Grant Funds May Be Used To:

1. Construct, repair, improve, expand, or otherwise modify rural water supply and distribution facilities including reservoirs, pipelines, wells, and pumping stations.
2. Acquire a water supply or a water right.
3. Construct, repair, improve, expand, or otherwise modify waste collection, pumping, treatment, or other disposal facilities. Facilities to be financed may include such items as sewer lines, treatment plants, stabilization ponds, storm sewer facilities, sanitary landfills, incinerators, and necessary equipment.
4. Pay necessary fees such as legal and engineering connected with development facilities.
5. Pay other costs related to the development of the facility including the acquisition of rights-of-way and easements, and the relocation of roads and utilities.

Interim commercial financing will normally be used on all projects in excess of \$500,000 during construction, and Rural Development funds will be available when the project is completed. If interim financing is not available at reasonable rates and terms multiple advances of Rural Development funds may be made as construction progresses.

What Are The Terms?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or facility to be financed.

What Is The Interest Rate?

Interest rates are set quarterly by Rural Development and depend on the median household income of the service area of the project.

What Security Is Required?

All loans will be secured to adequately protect the interest of the Government. Bonds or notes pledging taxes, assessments, or revenues may be accepted as security if they meet statutory requirements. A mortgage may also be taken on the organization's facilities when State laws permit.

Technical Assistance And Training Grants

The purpose of the TAT Grant Program is to make grants to nonprofit organizations to provide technical assistance and/or training to associations located in rural areas and to cities and towns with a population of 10,000 or less. Assistance may be provided to identify and evaluate solutions to water and waste disposal problems, to improve the operation and maintenance of existing water and waste disposal facilities, and to assist associations in preparing applications for water and waste disposal facilities. Preapplications must be filed between October 1st and December 31st each fiscal year.

Solid Waste Management Grants

With this program, grants are made to public and private nonprofit organizations to provide technical assistance and/or training to associations located in rural areas to cities and towns with a population of 10,000 or less to reduce or eliminate pollution of water resources and improve planning and management of solid waste facilities. Assistance may be provided to enhance operator skills in operations and maintenance, identify threats to water resources and reduce the solid waste stream. Preapplications must be filed between October 1st and December 31st each fiscal year.

Rural Water And Sewer Circuit Rider Technical Assistance

The Rural Water Circuit Rider Technical Assistance provides on-site technical assistance to help assure cost effective operation of rural water and sewer systems. RUS has assisted rural water and sewer systems - via contracting - with day-to-day operational, financial, and management problems. The assistance is provided at no charge and may be requested by officials of rural water and sewer systems or by Rural Development personnel. It compliments supervisory assistance provided by Rural Development personnel.

Applications

Information about the water and waste disposal programs as well as applications for financial assistance can be made at the Rural Development Offices. The office staff will be glad to discuss services available from the Agency, explain application procedures and give advice on how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization financing and management matters. These offices are usually listed in local telephone directories under U.S. Department of Agriculture. If financing is provided, the Rural Development will also make periodic inspections to monitor project construction. All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (provided the applicant has the capacity to enter into a legal contract) of the members of the groups applying for assistance, and service must be extended on the same basis.

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative program
(Revised October 2009)

National Office Web Site: <http://www.rurdev.usda.gov>
South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>
South Dakota State Office Telephone Number: (605) 352-1100
South Dakota State Office Facsimile Number : (605) 352-1146
South Dakota State Office TDD Number : (605) 352-1147
E-Mail Address: tammi.schone@sd.usda.gov

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD). "USDA is an equal opportunity provider, employer, and lender." (RBS-2)



UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Rural Business Enterprise Grants (RBEG)

The rural business-cooperative program makes grants to finance and facilitate development of small and emerging private business enterprises in rural areas of cities up to 50,000 population with priority to applications for projects in open country, rural communities and towns of 25,000 and smaller, and economically distressed communities. Rural business enterprise grants include grants made to third party lenders to establish revolving loan programs or provide technical assistance. At the state and local levels, the programs are administered by the Rural Development field offices.

Who Is Eligible?

Eligibility is limited to public bodies and private nonprofit corporations. Public bodies include incorporated towns and villages, boroughs, townships, counties, states, authorities, districts, and Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups in rural areas.

How May Funds Be Used?

Funds may be used to finance and develop small and emerging private business enterprises. Costs that may be paid from grant funds include the acquisition and development of land, and the construction of buildings, plants, equipment, access streets and roads, parking areas, utility and service extensions, refinancing, fees, technical assistance, start-up operating cost, working capital, and providing financial assistance to third parties through a loan.

Limitations Grants Cannot Be Used For:

1. Production of agricultural products through growing, cultivating, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries or timber operations.
2. Comprehensive area type planning.
3. Loans by grantees when the rates, terms and charges for those loans are not reasonable.
4. Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.

5. Development of a proposal which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.

Other Conditions:

Applicants for grants to establish a revolving loan program must include detail on the applicant's experience operating a revolving loan program, proposed projects, applicant's financial ability to administer a revolving fund, need for a revolving fund, and other funds available to leverage funds made available under this program.

All community projects funded by USDA Rural Development are subject to an environmental assessment in accordance with the National Environmental Policy Act.

Applications:

Detailed information and applications for financial assistance are available through local Rural Development offices.

All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (provided applicants have the capacity to enter into a legal contract) of the members of the groups applying for assistance and service must be extended on the same basis.

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Rural Business Opportunity Grants (RBOG)

The purpose of the rural business opportunity grants (RBOG) program is to promote sustainable economic development in rural communities with exceptional needs. This is accomplished by making grants to organizations to provide for economic development planning, technical assistance, or training activities that improve economic conditions in rural areas.

Who May Receive Grants?

To receive an RBOG, you must be a public body, nonprofit corporation, Indian tribe, or cooperative with members that are primarily rural residents (cities with less than 50,000 people). You must have sufficient expertise in the activities you propose to carryout with the grant funds and financial strength to ensure you can accomplish the objectives of the proposed grant.

What Is The Maximum Amount Of A Grant?

The statutory limit is \$1.5 million, but size of grants approved is limited by the amount of program funds available.

How May The Grant Funds Be Used?

If awarded an RBOG, you may use the funds to pay costs of providing economic planning for rural communities, technical assistance for rural businesses, or training for rural entrepreneurs or economic development officials. You must be able to show that the funding will result in economic development of a rural area. Your project must include a basis for determining the success or failure of the project and assessing its impact.

Where Can Applications Be Filed?

You may file applications with the U.S. Department of Agriculture (USDA) Rural Development Office in South Dakota.

What Is Included In An Application?

To develop an application, obtain a copy of the complete program regulation and refer to the application section. Briefly, an application must include a Form SF 424.1 [application for federal assistance (for non-construction)], a copy of your organizational documents, a scope of work, a written narrative, and a financial statement.

How Will the Government Select Among Eligible Applications?

We will use a priority scoring system that considers the sustainability and quality of the economic activity expected to result from the project; the extent to which the project is critical to a larger overall project; economic conditions in the service area, such as recent loss of a major employer, long-term job deterioration, poverty, or population decline; and the project's usefulness as a new best practice.

Where Can Additional Material Be Obtained?

Additional information, copies of the regulations and forms may be obtained by contacting any Rural Development Office (check your telephone directory under "Federal Government"), or by calling the National Office at (202) 690-4100.

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Rural Economic Development Grant (REDG) Program

The purpose of the Rural Economic Development Grant Program is to make available to rural communities through rural utility service borrowers (1) grants to be used for revolving loan funds for community facilities and infrastructure and (2) grant assistance in conjunction with rural economic development loans. Reference: Section 313 of the RE Act 7 CFR 4280, Subpart A.

Applicant Eligibility

Grant funds may be granted to any USDA Rural Development financed electric and telephone borrower that is not financially distressed, delinquent on any federal debt, or in bankruptcy proceedings. Only USDA Rural Development financed electric and telephone utilities are eligible to apply. The agency cannot accept applications directly from other organizations or corporations. Public Law 109-97 expanded eligibility to temporarily include Electric and Telecom cooperatives that are eligible to receive financing under the RE Act.

Uses Of REDG Funds

- REDG funding - up to 100% grant to establish a revolving loan fund for certain initial purposes only.
- REDG funding - up to 20% grant (remainder 0% loan) for:
 - ◆ Business incubators established by non-profit.
 - ◆ Community development assistance (non-profit and public bodies).
 - ◆ Projects to public, for-profit or non-profit entities to provide education and training to rural residents to facilitate economic development.
 - ◆ Projects to public, for-profit or non-profit entities to provide medical care to rural residents.

Revolving Loan Funds

Revolving loan funds will be provided only to USDA Rural Development Borrowers on a non pass-through basis. USDA Rural Development Borrowers will, in turn, provide loans to foster rural economic development.

Initial Purposes Of Revolving Loan Funds

Initial loan funds may be used for:

- Community development
- Business incubators by non-profit groups
- Facilities and equipment for education
- Facilities and equipment for medical care
- Loans made from repayments of the initial loans made by USDA Rural Development Borrowers may be used for any rural economic development purpose in accordance with a prior agreement between the Borrower and USDA Rural Development.
- The Borrower will provide a Board Resolution certifying to its commitment to provide and maintain additional funding to the revolving loan fund in an amount no less than 20% of the REDG grant approved.
- Borrowers may charge reasonable loan servicing fees.
- The Borrower must supply USDA Rural Development a proposed budget demonstrating that no more than 10% of grant funds received are used to cover operating expenses of the revolving loan fund.
- USDA Rural Development requires that the revolving loan program be administered in accordance with a rural development plan, developed by the Borrower and approved by USDA Rural Development.
- Borrowers applying for grant funds must submit a scope of work to USDA Rural Development.

Rural Development Plan

- USDA Rural Development requires that the revolving loan program be administered in accordance with a rural development plan, developed by the Borrower and approved by USDA Rural Development.
- The plan must outline the following:
 - ◆ Specific objectives for the revolving loan fund program, lending parameters, max and min loan.
 - ◆ Documentation of Borrower's coordination of lending activities with other local entities that provide financing for rural economic development.
 - ◆ Eligibility criteria if other than outlined in this section.
 - ◆ The application process and method of disposition of the funds to the project owner.
 - ◆ A procedure for monitoring the project owner's accomplishments and reporting requirements by the project owner's management.

The Scope Of Work

- Borrowers applying for grant funding must submit a scope of work to USDA Rural Development.
- The Scope of Work must contain the following:
 - ◆ Documented need for grant funds.
 - ◆ Documented authority and ability of the Borrower to administer the revolving loan fund.
 - ◆ Documented ability to commit financial resources under the control of the Borrower to assist in the establishment of a rural development program.
 - ◆ Documentation that the Borrower has secured commitments of financial support for supplemental funding at least equal to 20% of zero interest loan and grant.

- ◆ A list of proposed fees and charges.
- ◆ Borrowers policy for non-Federal funds.

orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD). "USDA is an equal opportunity provider, employer, and lender." (RBS-3)

Loans In Conjunction With Grants

Grants (up to 20% of the amount provided by USDA Rural Development) made in conjunction with zero-interest loans are limited to:

- Community development
- Business incubators by non-profit groups
- Facilities and equipment for education
- Facilities and equipment for medical care

Application Submission And Review

- Completed applications are accepted on any official workday.
- The following factors will be considered in the selection process:
 - ◆ Nature of the project.
 - ◆ Job creation projections.
 - ◆ Long term improvements in economic development.
 - ◆ Diversifying the rural economy or alleviating under employment.
 - ◆ Supplemental funds.
 - ◆ Economic conditions and job creation
 - ◆ Unemployment rates.
 - ◆ Per Capita personal income.
 - ◆ Change in population.
 - ◆ Community based Economic Development Program.
 - ◆ Plan for improving the marketable skills of people in rural areas.
 - ◆ Location (rural).
 - ◆ Support for the program - funds deposited in the cushion-of-credit account.
 - ◆ Revolving Loan Fund Plan
 - ◆ Probability of success.
 - ◆ Special Economic status

Sources Of Funds

All funds for grants available under this program are provided by a calculation based on the level of USDA Rural Development borrowers' cushion-of-credit payments. No funds are appropriated by Congress for grants. (Cushion-of-credit payments are a type of advance payment RUS borrowers make on certain RUS notes. The RUS borrowers earn five percent on new cushion-of-credit payments.)

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Rural Economic Development Loan Program (REDL)

The purpose of the rural economic development grant program is to provide zero-interest loans and grants to USDA Rural Development Borrowers to promote rural economic development and job creation projects. Reference: Section 313 of the RE Act 7 CFR 4280, Subpart A.

Applicant Eligibility

Zero interest loans and grants may be made, at the discretion of the Administrator, to any USDA Rural Development borrower that is not delinquent on any Federal debt, or in bankruptcy proceedings.

Loan And Grant Purposes

- ◆ To promote rural economic development and/or job creation projects, including, but not limited to:
- ◆ Start up costs.
- ◆ Incubator projects.
- ◆ Other reasonable expenses.

Ineligible Purposes

- ◆ Any project in which any director, officer, manager or stockholder, or relative thereof, who has a significant ownership interest or which would, in the judgment of the Administrator, present a potential for, or appearance of, a conflict of interest.
- ◆ Costs incurred prior to receipt of the completed application, without prior written approval.
- ◆ Projects located in areas covered by the Coastal Barrier Resources Act or projects which would adversely impact the environment.
- ◆ For the purchase or lease of any real property materials, equipment, or services from the borrower, or significant stockholders, officers, managers, or close relatives thereof without the Administrator's prior written approval.
- ◆ To refinance any debt incurred prior to the receipt of the completed application.
- ◆ For any electric or telephone purpose.
- ◆ For the borrower's electric or telephone operation.

- ◆ Any operations affiliated with the borrower without prior written approval.
- ◆ To pay salaries or any employee or owner of the borrower or its affiliates.
- ◆ Community antenna television systems or facilities unless in conjunction with educational or medical entities and projects.

Maximum And Minimum Sizes

Maximum size of loan: 3% of projected total funds available under Sec. 313 of the Act, during that Fiscal Year, rounded to nearest \$10,000.

Maximum size in FY 2007: \$740,000

Minimum size of application: \$10,000

Supplemental Funding Requirement

A project will not be selected unless supplemental funding is proved in an amount equaling at least 20% of the amount of the zero-interest loan or grant funds provided by USDA Rural Development.

Supplemental funding may be provided by the project owner in the form of equity funds, private sources, state and local government sources, other Federal Government sources, the RUS Borrower, etc.

Terms Of Zero-Interest Loan Repayment

- ◆ The promissory note covering the repayment of the zero-interest loan is between USDA Rural Development and the Borrower.
- ◆ Repayment terms on a loan to the Borrower are based on the nature of the project. Ordinarily, the term, including any principal deferment period, will not exceed ten (10) years.
- ◆ Repayment by the recipient must equal the terms to the USDA Rural Development borrower, unless approved by the Administrator.
- ◆ Principal repayments may be deferred for a period of up to two years by the Administrator. Ordinarily, the deferment for an established business will be limited to one year.

Policy

- ◆ Promote projects that will result in a sustainable increase in the productivity of economic resources in rural areas and thereby lead to a higher level of income for rural citizens.
- ◆ USDA Rural Development Borrowers promote economic development in rural areas and job creation projects that (1) are based on sound economic and financial analyses and (2) take a long-term perspective.
- ◆ Encourage economic development in rural areas and job creation projects without regard to service area.
- ◆ To promote financially viable projects.
- ◆ To encourage USDA Rural Development Borrowers to deposit funds in Cushion-of-Credit accounts.

Application Filing Period

- ◆ Applications may be filed on any official workday.

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An “Application” Must Consist Of:

- ◆ Standard Form 424, “Application for Federal Assistance”.
- ◆ Board Resolution [ref. To 7 CFR 1703.34(2)].
- ◆ Miscellaneous Federal Forms and Certifications per RD Instruction 4280, Guide 5.
- ◆ Narrative discussion of the following:
- ◆ “Selection Factors” as set forth in 1703.35;
- ◆ “Project Description” as set forth in 1703.36;
- ◆ Except for applications for feasibility studies, a discussion regarding the “Environmental Impact of the Proposed Project”.

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South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>
South Dakota State Office Telephone Number: (605) 352-1100
South Dakota State Office Facsimile Number : (605) 352-1146
South Dakota State Office TDD Number : (605) 352-1147
E-Mail Address: tammi.schone@sd.usda.gov

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Application Review

- ◆ Completed applications are accepted on any official workday.
 - ◆ The following factors will be considered in the selection process:
 - ◆ Nature of the project.
 - ◆ Job creation projections.
 - ◆ Long term improvements in economic development.
 - ◆ Diversifying the rural economy or alleviating under employment.
 - ◆ Supplemental funds.
 - ◆ Economic conditions and job creation.
 - ◆ Unemployment rates.
 - ◆ Per capita personal income.
 - ◆ Change in population.
 - ◆ Community based Economic Development Program.
 - ◆ Plan for improving the marketable skills of people in rural areas.
 - ◆ Location (rural).
 - ◆ Support for the program - funds deposited in the cushion-of-credit account.
 - ◆ Strength of Ultimate Recipient's business plan
 - ◆ Probability of success.
 - ◆ Special economic status.
-
- ◆ **Other Consideration**
 - ◆ Environmental requirements.
 - ◆ Equal opportunity and nondiscrimination.
 - ◆ Architectural Barriers Act of 1968.
 - ◆ Flood Hazard Area Precautions.
 - ◆ Real property acquisition and relocation.
 - ◆ Debarment and suspension.
 - ◆ Drug free workplace (grant only).
 - ◆ Restrictions on lobbying.

Sources Of Funds

Funds for zero interest loans are derived from annual appropriations from Congress.



UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Intermediary Relending Program (IRP)

The purpose of the intermediary relending program (IRP) is to alleviate poverty and increase economic activity and employment in rural communities, especially disadvantaged and remote communities, through financing targeted primarily towards smaller and emerging businesses, in partnership with other public and private resources, and in accordance with state and regional strategy based on identified community needs. This purpose is achieved through loans made to intermediaries that establish programs for the purpose of providing loans to ultimate recipients for business facilities and community developments in a rural area.

Who May Borrow?

INTERMEDIARIES may be private nonprofit corporations, public agencies, Indian groups or cooperatives. Intermediaries must:

- Have legal authority to carry out the proposed loan purposes and to incur and repay the debt.
- Have a record of successfully assisting rural business and industry, normally including experience in making and servicing commercial loans.
- Provide adequate assurance of repayment.

ULTIMATE RECIPIENTS may be individuals, public or private organizations, or other legal entities, with authority to incur the debt and carry out the purpose of the loan.

At least 51% of the owners or members of both intermediaries and ultimate recipients must be United States citizens or admitted for permanent residence. Both intermediaries and ultimate recipients must be unable to obtain the proposed loan elsewhere at reasonable rates and terms.

LOAN LIMITS - Loans from intermediaries to ultimate recipients using the IRP revolving fund must not exceed \$150,000 or 75% of the total cost of the project.

How May Funds Be Used?

All of the IRP loan funds received by an intermediary must be relented to ultimate recipients. Interest income and fees may be used for administrative costs, technical assistance to borrowers, or debt retirement. All collections from the operation of the IRP revolving loan fund that are not used for the above authorized expenses must be made available for relending to eligible ultimate recipients.

Loans from intermediaries to ultimate recipients must be for the establishment of new businesses, the expansion of existing businesses, creation of employment opportunities, saving of existing jobs, or community development projects.

What Are The Loan Terms?

Loans to intermediaries are scheduled for repayment over a period of up to 30 years.

- The term of loans from intermediaries to ultimate recipients is set by the intermediary.

What Is The Interest Rate?

The interest rate on loans to intermediaries is 1% per annum.

The interest rate charged to ultimate recipients is negotiated by the intermediary and the ultimate recipient.

Is Collateral Required?

Yes. All loans to intermediaries must be adequately secured. Intermediaries are asked to provide a proposal for securing the loan, for RBS's consideration, in the application. Security consists of a lien on the IRP revolving fund and the intermediary's security interest in collateral pledged by ultimate recipients.

If Ultimate Recipients Fail To Repay Loans From The Intermediary, What Happens To The Intermediary's Loan From RBS?

When the intermediary accepts the IRP loan, it is incurring a debt. Collections from loans to ultimate recipients should be sufficient to repay the USDA Rural Development loan on schedule. However, even if collections from ultimate recipients are not sufficient, the intermediary is fully responsible for repaying RBS.

What Should Be Included In An Application?

Anyone interested in applying for an IRP loan can obtain a copy of the IRP regulations (FmHA Instruction 4274-D) and application forms from the Rural Development State Office. The regulations contain detailed instructions for completing an application.

Where Should Applications Be Filed?

Complete applications should be sent to the USDA Rural Development State Office, at the following address:

USDA Rural Development
Attn: Rural Business-Cooperative Program
200-4th Street SW, Federal Bldg. Rm. 210
Huron, SD 57350

All applications are considered without regard to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (provided the applicant has the capacity to enter into legal contract) of the members of the groups applying for assistance, and service must be extended on the same basis.

U.S. Department of Agriculture
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Business And Industry (B&I) Loan Guarantee Program

The business and industry loan guarantee program guarantees loans by eligible local lenders to businesses to benefit rural areas. The program's primary purpose is to create and maintain employment and improve the economic and environmental climate in rural communities. This is achieved by expanding the existing private credit structure capability to make and service quality loans to provide lasting community benefits. Administered by the USDA Rural Development, the program typically guarantees losses on up to 80 percent of the original loan amount. Inability to obtain other credit is not a requirement.

Benefits To Businesses

- Higher loan amounts, strengthens the loan application, less equity injection, lower interest rates and longer repayment terms assist businesses that may not qualify for conventional lender financing.
- Assists a business in providing stability, growth, expansion and rural employment.

Benefits To Lenders

- Provides lenders with another tool to expand their loan portfolio.
- Improves the economy and quality of life in rural communities.
- Reduces concerns regarding collateral/appraisal issues often found in smaller communities.
- There is an active secondary market for B&I guarantees (e.g. Farmer Mac II).
- The guaranteed portion of the loan is protected against loss by a Federal guarantee.
- The guaranteed portion of the loan does not count against lending limits of the lender.
- B&I guarantees help lenders satisfy Community Reinvestment Act (CRA) requirements.
- Lenders use their own forms, loan documents and security instruments.

Eligible Areas

Business and industrial loans can be guaranteed in rural cities up to 50,000 population. Priority is given to applications for loans in rural communities of 25,000 or less.

Eligible Borrowers

Any legal entity, including individuals, public and private organizations and federally recognized Indian tribal groups, may borrow.

There is no size restriction on the businesses.

Local economic development organizations and investors can be considered.

Eligible Loan Purposes

- Business and industrial acquisitions and under certain conditions construction, conversion, expansion, repair, modernization or development costs.
- Purchase of equipment, machinery or supplies.
- Startup costs and working capital.
- Processing and marketing facilities.
- Pollution control and abatement.
- Refinancing for viable projects, under certain conditions.
- Purchase of startup cooperative stock for family sized farms where commodities are produced to be processed by the cooperative.

How To Participate

For more information on the Business and Industry Loan Guarantee Program, contact USDA Rural Development office.

Maximum Loan Amount

Loan guarantees are limited to a maximum of \$10 million per borrower, although the USDA Rural Development Administrator can grant up to \$25 million.

- B&I loans to eligible cooperative organizations may be made in principal amounts up to \$40 million under certain conditions.

Loan Guarantee Limits (Maximum Percentage Applies To The Entire Loan)

- 80% up to \$5 million.
- 70% over \$5 million to \$10 million.
- 60% over \$10 million to \$25 million.

Collateral - Appraisals

All collateral must secure the entire loan.

Repayment must be reasonably assured.

Personal and corporate guarantees are required.

A qualified appraisal report is required on property that will serve as collateral.

Loan To Appraised Market Value Ratios

Lenders will discount collateral consistent with sound loan to value policy.

Maximum Repayment Terms

- Working Capital - 7 years.
- Machinery and Equipment - 15 years (or useful life).
- Real Estate - 30 years.

Ineligible Loan Purposes

- Line of Credit.

- Agricultural production which is not part of an integrated business involved in the processing of agricultural products.
- Any project likely to result in the transfer of employment from one area to another.
- Any project involving transfer of ownership, unless this will keep the business from closing, prevent the loss of jobs in an area or provide more jobs.
- Paying off a creditor in excess of the value of the collateral.
- Payment to owners, partners, shareholders or others who retain any ownership in the business.
- Corporations and businesses not at least 51% owned and controlled by U.S. citizens.
- Charitable and educational institutions, religious organizations and affiliated entities and fraternal organizations.

Fees And Costs

A one time guarantee fee of 2 percent of the guaranteed principal amount is paid by the lender and may be passed on to the borrower. Other typical lender costs may also be incurred.

There is an annual renewal fee. The fee is paid once a year and is required to maintain the enforceability of the guarantee. The rate of the annual fee (a specified percentage) is established by Rural Development in an annual notice published in the Federal Register. Please ask the local Rural Development office for the current annual renewal fee rate.

Borrower Equity Requirements

A minimum of 10 percent tangible balance sheet equity is required at the time of issuing the loan note guarantee for existing businesses. Twenty percent tangible balance sheet equity is required for new businesses. Equity is developed in accordance with general accepted accounting principles. Feasibility studies may be required.

Interest Rate

Interest rates for loans may be fixed or variable. The rate is negotiated between the lender and borrower and is similar to those rates customarily charged to other borrowers in similar circumstances. A variable rate must be tied to a nationally published rate. Variable rates cannot be adjusted more than quarterly.

Credit Quality

Lender addresses the business adequacy of equity, cash flow, collateral, history, management and the current status of applicable industry in a written credit analysis.

Servicing/Liquidation

Financial Statements developed in accordance with generally accepted accounting principles are required. Lenders will service and, if necessary, liquidate the loans (with USDA Rural Development's concurrence).

For More Information

For more information contact a local Rural Development office or the Rural Development State Office at:

USDA Rural Development
Attn: Rural Business-Cooperative Services
200 4th Street SW Federal Building Room 210
Huron, SD 57350-2477

Phone: (605) 352-1142 (voice)
(605) 352-1147 (TDD)

You can also call the Administrator, Rural Business-Cooperative Program at (202) 690-4730 or visit the the Internet: <http://www.rurdev.usda.gov>

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Cooperative Services Programs

The mission of the USDA Rural Development is to enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and cooperatives that can prosper in the global marketplace. USDA Rural Development accomplishes this mission by investing its financial resources and/or technical assistance in businesses, cooperatives, and communities, and by building partnerships that leverage public, private, and cooperative resources to stimulate rural economic activity. This fact sheet focuses on the Cooperative Services programs of the USDA Rural Development.

What Is A Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economics is virtually limitless.

How USDA Helps Rural Cooperatives

The Cooperative Services program of USDA Rural Development helps rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance, conducts cooperative-related research, and produces information products to promote public understanding of cooperatives.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, USDA Rural Development plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

Cooperative Development Assistance

Cooperative Services (CS) provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. CS staff includes cooperative development

specialists who do everything from identifying potential cooperative functions to identifying best business and governance practices. They also provide training for cooperative directors.

CS strives to provide a realistic view of what it will take to make a new cooperative succeed. Staff members may also work in conjunction with cooperative development specialists in some of USDA Rural Development's State Offices around the Nation. Recent examples of rural cooperatives CS has helped form include a cooperative for rural women who produce hand-crafted gift items, a vegetable growers' cooperative which provides increased market access for its members, and a sea divers' cooperative which harvests and processes sea urchins for export to Asia.

Technical Assistance

CS provides technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic marketing plan to cope with new competitive forces, helping a co-op make a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often crucial issues not only for a cooperative, but also for the rural communities in which they operate.

CS can help improve a cooperative's business structure and operating efficiency by analyzing operations, assessing the economic feasibility of adding new facilities, new products or services. Studies cover the full range of decisions facing cooperative businesses. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

Research

CS conducts research to provide a knowledge base to help cooperatives deal with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational practices to determine the changes required to maintain or achieve a producer-oriented marketing system. Recent research studies have focused on capitalization plans used by cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

Education And Information

The Cooperative Marketing Act of 1926 mandates that USDA "...promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others" To meet this goal, CS provides a wide range of cooperative training programs and educational materials.

CS maintains a storehouse of information about cooperatives, which it makes available to the public through more than 150 research reports, educational publications, and videos that cover all aspects of cooperative operations. A bimonthly magazine, Rural Cooperatives, reports significant achievements by cooperatives and highlights of CS research, technical assistance, and educational activities.

History and Statistics

Cooperative statistics are collected to detect growth trends and changes in structure and operations of the Nation's farmer-owned cooperatives. Data help identify and support research and technical assistance activities. This information is used extensively by

legislative and executive branches of government in formulating agricultural and cooperative-related policy.

Rural Cooperative Development Grant

Rural Cooperative Development Grants are made for establishing and operating centers for cooperative development for the primary purpose of improving the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.

Applicant Eligibility

Grants may be made to nonprofit corporations and institutions of higher education. Grants may not be made to public bodies.

Eligible Grant Purposes

- Applied research, feasibility, environmental and other studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas serviced by the center for the purpose of cooperative development.
- Collection, interpretation, and dissemination of principles, facts, technical knowledge, or other information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas serviced by the center for the purpose of cooperative development.
- Providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.
- Providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.

Funding of this program is determined on a yearly basis. Notice of availability of funds is put in the federal register, usually, in April. The maximum grant amount may be set in the federal register, depending on program funding in any given year.

For More Co-op Information

For further information or assistance for cooperatives, contact:

USDA Rural Development
Stop 3255
Washington, DC 20250-3255
Telephone: (202) 720-7558
Facsimile: (202) 720-4641
E-Mail: coopinfo@rurdev.usda.gov
Web Site: <http://www.rurdev.usda.gov>
or

Contact a local Rural Development office or the Rural Development State Office at:

USDA Rural Development
Attn: Rural Business-Cooperative Programs
200 4th Street SW Federal Building Room 210
Huron, SD 57350-2477
Phone: (605) 352-1142 (voice)
(605) 352-1147 (TDD)

South Dakota Web Site: <http://www.rurdev.usda.gov/sd/index.htm>

E-mail: tammi.schone@sd.usda.gov

You can also call the Administrator, Rural Business-Cooperative Service (RBS) at (202) 690-4730 or visit the RBS home page on the Internet:

<http://www.rurdev.usda.gov/agency/rbcds/html/rbcdhome.html>

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

USDA RURAL DEVELOPMENT ENERGY PROGRAMS

America's 21st century energy landscape presents needs that are greater than ever before. We face new challenges to reduce dependence on imported oil; to improve the environment; and to make clean, sustainable and affordable energy alternatives available to businesses. USDA Rural Development is helping to lead the way in the agriculture sector – finding energy solutions in our fields and helping rural residents and communities access renewable energy systems and use energy more efficiently. USDA Rural Development provides funding for the development and commercialization of renewable energy sources – including wind, solar, geothermal, hydrogen, ocean waves, hydroelectric, biomass, and biofuel (ethanol, biodiesel, etc.) – to change the way people power their cars, homes, businesses, and industries. By making renewable energy sources commercially viable, USDA Rural Development is also creating sustainable opportunities for wealth, new jobs, and increased economic activity in rural America.

Rural Energy for America Program (REAP)

(Formerly the Renewable Energy Systems and Energy Efficiency Improvements Program.) Provides loan guarantees and grants to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency improvements. Renewable energy systems include those that generate energy from wind, the sun, biomass, geothermal sources, or that produce hydrogen from biomass or water using renewable energy, and ocean and hydroelectric source technologies. Energy-efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use. Energy audits and feasibility studies are also eligible for assistance. Eligible applicants for energy audits include State, tribe, or local governments; land-grant colleges and universities; rural electric cooperatives; and public power entities. Eligible applicants for feasibility studies include rural small businesses and agricultural producers.

Value-Added Producer Grant Program

Provides grants for planning activities and for working capital for marketing value-added agricultural products, and for farm-based renewable energy. Priority is given to applicants who have at least 51 percent of project costs

dedicated to activities for a bioenergy project. Eligible applicants include independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.

Business and Industry (B&I) Guaranteed Loan Program

Provides financial backing for rural businesses through guarantees up to 80 percent of a loan made by a commercial lender. Loans may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. Biobased, bioenergy, and other qualified energy projects may be financed through the program for technologies that convert biomass into affordable, commercially proven electricity, fuel chemicals, pharmaceuticals, and other materials in costcompetitive ways for large national and international markets.

Biomass Research and Development Program

Provides funding for research, development, and demonstration of technologies and processes leading to significant commercial production of biofuels, biobased energy innovations, development of biobased feedstocks, biobased products, and other such related processes including development of cost-competitive cellulosic ethanol. Eligibility is limited to institutions of higher learning, national laboratories, Federal or State research agencies, private sector entities, and nonprofit organizations.

Biorefinery Assistance Program

Provides loan guarantees to viable commercial-scale facilities and grants to demonstration-scale facilities to develop new and emerging technologies for advanced biofuels. Eligible entities include Indian tribes, State or local governments, corporations, farmer co-ops, agricultural producer associations, higher education institutions, rural electric co-ops, public power entities, or consortiums of any of the above.

Repowering Assistance Program

Provides payments to biorefineries that use fossil fuels to produce heat and power to replace the fossil fuels with renewable biomass. To be eligible, the biorefineries must have been in existence as of June 18, 2008, and applicants must demonstrate the economic, technical, and environmental feasibility of the proposed biomass system.

USDA Rural Development Energy Programs

Bioenergy Program for Advanced Biofuels

Provides payments to producers to support and expand production of advanced biofuels refined from sources other than cornstarch. To be eligible, producers must enter into a contract with USDA Rural Development for advanced biofuels production and submit records to document such production.

Other Business-Oriented Programs

Qualified energy-efficiency projects may be assisted

through the **Rural Business Enterprise Grant Program**, which facilitates development of small and emerging private rural business enterprises; the **Rural Businesses Opportunity Grant Program**, which sustains economic development in rural communities with exceptional needs; and the **Rural Economic Development Loan and Grant Program**, which provides zero-interest loans and/or grants for sustainable rural economic development and job creation projects for Rural Development electric and telephone utility loan borrowers. Applicants for these programs should contact their local Rural Development Energy Coordinator.

Cooperative Programs' Energy Research

Conducts and oversees a range of research related to the economics and business of renewable energy. The research provides a greater understanding of business options, market conditions, and policy implications of renewable fuels for renewable energy investors, entrepreneurs, business assistance providers, and policy makers.

Direct and Guaranteed Electric Loan Program

Provides financing to eligible nonprofit utility organizations, such as electric co-ops and public utility districts, to develop renewable energy, hydroelectric, biomass, photovoltaic, and wind-powered renewable energy projects developed by Electric Program loan borrowers. In addition to on- and off-grid renewable energy systems, the loan and loan guarantees may also be used to finance energy conservation programs.

High Energy Cost Grants Program

Provides financing to energy generation, transmission and distribution facilities that serve communities with average home energy costs exceeding 275 percent of the national average. Grant funds may be used for on and off-grid renewable energy projects, energy efficiency, and energy conservation projects serving eligible communities.

Residential Energy Programs

The **Rural Energy Plus Program** provides additional incentives to certain low- and moderate-income families, who might not otherwise qualify for homeownership, to purchase an energy-efficient home. The **Home Repair and Preservation Program** provides assistance to low and very low-income rural homeowners for critical home improvements, including weatherization, insulation and new heating systems. USDA Rural Development also provides **Housing Preservation Grants** to sponsoring organizations or rental property owners for the repair or rehabilitation of low- and very low-income multi-family housing, including energy efficiency upgrades.

For More Information:

Visit the USDA Rural Development Web site at **<http://www.rurdev.usda.gov>** or call **(800) 670-6553**. Or contact your nearest USDA Rural Development State Office or USDA Service Center. These are usually listed in telephone books under "U.S. Government,

Department of Agriculture."

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Rural Development - Rural Business-Cooperative Program
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South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Value-Added Producer Grant Program (VAPG)

Why Should Producers Add Value?

As producers of crops and livestock, American farmers and ranchers receive only what the market pays for a raw commodity. But when they are able to perform further processing themselves, they can reap far greater rewards—money that would otherwise go to other “middlemen,” often in distant locations.

Examples of producers’ adding value themselves could include a co-op or other group of wheat growers processing their own grain into bread or pizza crusts, or corn growers processing their grain into ethanol. Value-added efforts such as these not only help producers keep more of the profits derived from their efforts, but they usually help to keep more dollars in rural areas of the nation. As more foreign nations develop modern agricultural systems, it becomes ever more imperative for American producers to pursue value-added activities.

It is the goal of the Value-Added Producer Grants (VAPG) program of USDA Rural Development to help accelerate the pace of the transformation of the nation’s agricultural economy into one focused on producer-owned, value-added businesses.

Since 2001, USDA has awarded \$180 million for 1,200 VAPG projects.

What Is Value-Added?

Value-Added is defined as the incremental value that is realized by the producer from an agricultural commodity or product as the result of:

1. a change in the physical state (e.g., wheat into flour);
2. production in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan;
3. physical segregation in a manner that enhances the value of the agricultural commodity or product (e.g., organic carrots);
4. farm- or ranch-based renewable energy (e.g., electricity generated from an anaerobic lagoon); or

5. aggregation and marketing as a locally produced agricultural food product.

Regardless of the method used to add value to agricultural commodities, applicants must demonstrate an expansion of customer base and an increase in revenue to agricultural producers.

Applications may also be considered for reserved funds if they meet the definition of a Mid-Tier Value Chain, which involves local and regional supply networks that contain at least two alliances, linkages, or partnerships and which directly impact the profitability and competitiveness of small and medium-sized family farms and ranches.

Program Background

The VAPG program was first authorized by the Agricultural Risk Protection Act of 2000 and was amended by the 2002 and 2008 Farm Bills. Grants are made to enable producers that produce and market value-added agricultural products. It is the policy of the Secretary of Agriculture to fund a broad diversity of projects that help increase the agricultural producers’ customer base and share of the food and agricultural system profit.

The 2008 Farm Bill also reserved funds for projects benefiting beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and mid-tier value chains.

Applicants may propose a timeframe for the project up to 36 months in length.

Eligible Applicants

1. Independent producers;
2. Farmer or rancher cooperatives;
3. Agricultural producer groups;
4. Majority-controlled producer-based business ventures.

Priority will be given to projects that contribute to increasing opportunities for beginning farmers or ranchers, socially disadvantaged farmers or ranchers, or operators of small- and medium-sized farms and ranches that are structured as a family farm.

Eligible Purposes

Planning activities, such as conducting feasibility studies and developing business plans for processing and marketing value-added agricultural products.

Working capital expenses for processing and marketing value-added agricultural products, including inventory, salaries, and office supplies.

Ineligible Uses of Funds

- Pay costs of preparing the application package
- for funding for the VAPG program;
- Pay costs of the project incurred prior to grant approval;
- Fund political activities;
- Plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility);
- Purchase, rent, or install fixed equipment.
- Pay for the repair of privately owned vehicles;
- Fund research or development;
- Pay for production-related expenses;
- Purchase land;
- Pay for goods and services provided by a person or entity who has a conflict of interest.

Grant Selection

Planning grants will be evaluated based on the following criteria:

1. Nature of the proposed venture;
2. Qualifications of those doing the work;
3. Commitments and support;
4. Project leadership;
5. Work plan/budget;
6. Amount requested;
7. Project cost per owner-producer;
8. Business management capabilities;
9. Sustainability and economic impact;
10. Type of applicant (beginning farmer or rancher, socially disadvantaged farmer or rancher, or operator of a small or medium-sized farm or ranch structured as a family farm).

Working capital grants will be evaluated based on the following criteria:

1. Business viability;
2. Expanded customer base/increased returns;
3. Commitments and support;
4. Management team/work force;
5. Work plan/budget;
6. Amount requested;
7. Project cost per owner-producer;
8. Business management capabilities;
9. Sustainability and economic impact;
10. Type of applicant (beginning farmer or rancher, socially disadvantaged farmer or rancher, or operator of a small or medium-sized farm or ranch structured as a family farm).

Applications will be evaluated by technical experts appointed by USDA Rural Development.

Recipient Responsibilities

1. Recipients will need to submit documentation substantiating information regarding ownership, finances, and support referenced in the application. Those groups receiving working capital awards will need to provide feasibility studies and business plans;

2. Recipients will need to enter into a grant agreement with Rural Development;
3. Recipients should use grant and matching funds within the timeframe proposed in the application;
4. Recipients will need to report on the progress of the project on a semi-annual basis, with a final report due at the end of the project.

For Additional Information

For more information, visit our Web page on the Internet:

www.rurdev.usda.gov/rbs/coops/vadg.htm.

Or contact your USDA Rural Development State Office or any Rural Development field office. You can reach your State Office by calling 800-670-6553 and pressing "1".

You may also contact USDA Rural Development Cooperative programs at (202) 720-8460 or by e-mail: CPGrants@wdc.USDA.gov.

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RURAL DEVELOPMENT

Community and Business Programs

Guaranteed Community Facility Loans

USDA Rural Development is committed to building stronger, more vibrant rural communities across the nation. Community facilities - such as health care clinics, police and fire stations, and schools - are essential to the quality of life in rural communities. The Rural Housing Service of the USDA Rural Development can work with local lenders - including banks, savings and loan associations, mortgage companies, and Farm Credit System banks - to offer loan guarantees to help build essential community facilities.

Types Of Projects Financed

- Health Care
 - ◆ Hospitals, clinics, nursing homes, ambulatory care centers, etc.
- Public Safety
 - ◆ Police and fire stations, jails, fire and rescue vehicles, and communication centers.
- Telecommunications
 - ◆ Medical and educational telecommunication links.
- Public Services
 - ◆ Adult and child care centers, courthouses, airports, schools, fairgrounds, jails, etc.

Eligible Entities

- Public Entities
 - ◆ Municipalities, counties, other public subdivisions, and special-purpose districts.
- Federally recognized Indian Tribes.
- Nonprofit organizations.

Eligibility Issues

- Lender must be unwilling to make the loan without obtaining a loan guarantee.
- Loans are limited to unincorporated rural areas and incorporated towns of 20,000 or less.

Benefits To Lender

- Loans may be used towards Community Reinvestment Act requirements.
- Guarantee rate is 90% of loan amount.

- Excellent public relations in local communities by demonstrating lender's interest in funding local community projects.
- Variable-rate loans may be used to reduce lender risk from interest fluctuation.
- Recreation is an eligible purpose.
- Tax exempt notes and bonds cannot be guaranteed.
- Lender may charge different rates on guaranteed and non-guaranteed portions of the loan.
- Lender's risk of loss is reduced by the percent of loan guarantee.
- Loan stimulates related banking services to customers, such as checking and savings accounts.
- Guaranteed portion of loan is secured by full faith and credit of U.S. Government.
- Lender can use required deposit reserves to fund guaranteed portion of loan.
- Guaranteed portion of loan does not count against legal lending limits.
- Provides portfolio protection from:
 - ◆ Temporary financial problems, such as natural disasters, adverse economic trends, reduce use of facilities, etc.
 - ◆ Major reorganizations due to enlargements, bankruptcy, death of principals operating and managing facility, etc.
 - ◆ Decline in collateral value due to adverse economic trends.
 - ◆ Accelerated depreciation and inherent risk associated with highly specialized facilities.
- Guaranteed loans may be sold on the secondary market - lender retains interest rate margin for servicing and increases yield on the amount of loan retained. See example below:

Approximate yield on fixed rate loan

| | |
|-------------------------------------|------------------|
| Amount of loan | \$1,000,000 |
| Portion sold (90%) | \$ 900,000 |
| Invested funds | \$ 100,000 |
| Loan interest rate | 10.00% |
| Rate paid on portion sold | 9.00% |
| Servicing fee on amount sold | 1.00% |
| Prime rate | 8.00% |
| Income - 1% on \$900,000 | \$ 9,000 |
| 10% on \$100,000 | \$ 10,000 |
| Total income | \$ 19,000 |
| Approximate yield on invested funds | 19.00% |

Benefits For The Customer

- Customer is able to obtain more timely financing of project, thereby reducing inflationary increases in construction cost.
- Customer establishes loan history with a commercial lender, not the Government.
- Lender can offer better terms to customer, especially when loan is sold on secondary market.
- The customer may combine guarantee funds with other Federal, State and local funds.

Benefits For The Community

- Adequate local services attract residential and commercial development.
- Tax base can increase with new development.
- Insurance rates can decrease with better fire protection.
- Community quality of life improved.

Assistance Available For Loan Processing

- Aside from agency application forms, the lender uses its own documents to make and service loans.
- Agency staff is available to assist lenders to prepare documents required for guaranteed loan processing.
- Agency has technical staff who reviews construction plans and environmental impact statements for the benefit of the Government.

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Community Facilities Grants

Community facilities (CF) grants can be used to assist poor rural areas and towns in developing essential public community facilities.

Authorizing Statute

Section 763 of Public Law 104-127 amended the Consolidated Farm and Rural Development Act (CONACT) to create the community facilities grant program. The legislative language requires the use of grant funds on a graduated scale enabling rural communities with small populations and low income levels to receive a greater percentage of grant funds.

Who Is Eligible?

Eligibility is limited to associations, nonprofit corporations, public bodies, and federally recognized Indian Tribes serving rural areas. Applicants must:

1. Be unable to obtain needed funds from commercial sources at reasonable rates and terms;
2. Have the legal authority necessary for construction, operation, and maintenance of the proposed facility;
3. Propose facilities that are necessary for orderly community development and consistent with the State's strategic plan;
4. Be located in a rural community having a population of 20,000 or less and serve primarily rural areas with populations of 20,000 or less; and
5. Serve areas where the median household income of the population to be served by the proposed facility is below the higher of the poverty line or applicable percent of the State nonmetropolitan median household income.

How May Funds Be Used?

Grant funds may be used to supplement financial assistance authorized in Rural Development (RD) Instruction 1942-A, "Community Facility Loans"; RD Instruction 1942-C, "Fire and Rescue Loans;" or RD Instruction 1980-I, "Community Programs Guaranteed Loans". Funding for the balance of the project may consist of other CF financial assistance (direct or guaranteed loans), applicant contribution, or loans or grants from other sources. Typical facilities include:

- Health care - clinics, nursing homes, rehabilitation centers and ambulatory care centers.
- Telecommunications - medical, educational, or telecommunication links
- Public Safety - communication centers, police or fire stations, fire trucks, jails and rescue vehicles.

- Public Services - child care centers, adult day care centers, airports, libraries, city halls and schools.

What Is The Maximum Grant?

Grant assistance may be available for up to 75 percent of project costs. A scale has been developed to predetermine grant funding limitations based on population and income. Grant assistance may be further limited to the minimum amount sufficient to provide economic feasibility to the proposed project and either \$50,000 or 50 percent of a State's annual allocations, whichever is greater.

What Are The Funding Priorities?

Projects will be selected based on a priority point system.

Projects that will receive priority are those that:

1. Serve small communities with the highest priority going to those with a population of 5,000 or less;
2. Serve very low income communities with the highest priority going to communities with a median household income below the higher of the poverty line or 60 percent of the nonmetropolitan median household income; and
3. Provide health care, public safety services or services identified as necessary in the State strategic plan.

Limitations On Grant Funds

Grant funds cannot be used to:

1. Pay any annual recurring costs, including purchases or rentals that are generally considered to be operating and maintenance expenses;
2. Construct or repair electric generating plants, electric transmission lines, or gas distribution lines to provide services for commercial sale;
3. Refinance existing indebtedness, pay interest, or loan/grant finder's fees;
4. Pay any costs of a project where the median household income of the population to be served by the proposed facility is above the higher of the poverty line or 80 percent of the State nonmetropolitan median household income;
5. Pay project costs when other loan funding for the project is not equal to, or less than, the current intermediate interest rate for CF loans (as contained in 7CFR, part 440.1, Exhibit B);
6. Pay costs to construct facilities to be used for commercial rental where the applicant has no control over tenants and services offered;
7. Construct facilities primarily for the purpose of housing State, Federal, or quasi-Federal agencies;
8. Finance facilities which are not modest in size, design, and cost; and
9. Finance recreation facilities or community antenna television services or facilities.

How Are Applications Processed?

Applicants will be required to submit supporting data before formal application is made. After determining the order of funding priorities, the agency will tentatively determine eligibility and request applicants to assemble and submit formal applications. See "What are the Funding Priorities?"

Grant Closings And Disbursement Of Funds

If grants are authorized in combination with the CF direct and guaranteed loan programs, loans and grants will be closed simultaneously after determining applicable administrative actions and work required of the applicant have been completed. All borrower funds and other CF financial assistance (direct or guaranteed funds) must be expended before grant funds are made available. Grant funds will not be disbursed from the Treasury until they are actually needed by the applicant.

Where Is Application Made?

Detailed information and applications are available through local USDA Rural Development State and District Offices or from the National Office: Community Programs Division, USDA, Rural Housing Service, South Building, Room 6304, 1400 Independence Avenue, SW, Mail Stop 3222, Washington, D.C. 20250. The National Office telephone number is (202) 720-1490.

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Community Facility Loans

USDA Rural Development is authorized by FmHA Instructions 1942-A and 1942-C to make loans to develop community facilities for public use in rural areas and towns of not more than 20,000 population.

Who May Receive Assistance?

Loans are available for public entities such as municipalities, counties and special purpose districts. Nonprofit corporations and Indian tribes may also receive loan assistance when adequate plans for loan repayments are made. In addition, borrowers must:

Be unable to obtain needed funds from other sources at reasonable rates and terms.

Have legal authority to borrow and repay loans, to pledge security for loans and to construct, operate and maintain the facilities or services.

Be financially sound and be able to organize and manage the facility effectively.

The project will be based on taxes, assessments, revenues, fees or other satisfactory sources of money sufficient for operation, maintenance and reserve, as well as to retire the debt. The project also must be consistent with available comprehensive and other development plans for the community and comply with federal, state and local laws.

How May Funds Be Used?

USDA Rural Development loan funds may be used to construct, enlarge or improve community facilities for health care, public safety and public services.

Health care facilities include hospitals, nursing homes, dental or medical clinics or medical rehabilitation centers. Funds may also be used for necessary equipment for the operation of these facilities and to pay other necessary costs connected with them.

Public safety facilities include fire stations and buildings to house fire and/or rescue equipment.

Funds may also be used:

- To purchase fire trucks, ambulances or emergency communications equipment.

- To buy or build fire and rescue multi-service centers, police stations and jails.
- To pay necessary costs connected with these facilities.
- Public service facilities include community buildings courthouses, public maintenance buildings, libraries, child care centers, schools, industrial parks, roads, bridges, airports, fairgrounds, utilities and other improvements or to acquire interest in lands, leases and rights-of-way necessary to develop the facilities. Loan funds may also be used for necessary equipment for the operation of these facilities.
- USDA Rural Development may fund other types of community facilities that provide essential service to rural residents and to pay necessary costs connected with such facilities.
- If interim financing is not available or if the project costs less than \$50,000, multiple advances of USDA Rural Development funds may be made as construction progresses.

How May Funds Not Be Used?

Funds may not be used to finance:

- On-site utility systems or business and industrial buildings in connection with industrial parks.
- Facilities to be used primarily for recreation purposes.
- Community antenna television services or facilities.
- Electric generation or transmission facilities or telephone systems, except under certain circumstances.
- Facilities which are not modest in size, design and cost.
- Loan or grant finder's fees.
- New combined sanitary and storm water sewer facilities.
- That portion of a water and/or waste disposal facility normally provided by a business or industrial user.

What Are The Terms?

The maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the improvement or facility.

What Is the Interest Rate?

Interest rates are set quarterly by USDA Rural Development and depend on the median household income of the service area of the project.

What Security Is Required?

All loans will be secured to adequately protect the interest of the government. Bonds or notes pledging taxes, assessments or revenues may be accepted as security if they meet statutory requirements. A mortgage may also be taken on real and personal property when state laws permit.

Where Will Applicants Obtain Technical Help?

USDA Rural Development will assist the applicant in making the first determinations regarding engineering feasibility, economic soundness, cost estimates, organization, financing and management matters in connection with the proposed improvements.

If financing is provided by USDA Rural Development, the agency will make periodic inspections to see that funds are used as agreed upon.

How Do I Find Out More And Make Application?

Any USDA Rural Development office can provide information about the CF loan program.

Are Grant Funds Available?

Yes, grant funds are also available under this program.

What Other Programs Does USDA Rural Development Have?

The agency also makes loans for housing in rural areas, for water and waste disposal systems and for business and industrial development.

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Community and Business Programs

Examples Of Essential Community Facilities

| Types of Service | Types of Facility |
|--------------------------------------|--|
| Community Health Care | Dental Clinic Nursing Home Assisted Living Facility Physicians Clinic Boarding Home for the Elderly Hospital (General & Surgical) Medical Rehabilitation Center Vocational Rehabilitation Center Psychiatric Hospital Outpatient Care |
| Cultural and Educational | All Purpose Building - College Campus College Educational Camp for Physically and Mentally Impaired Library Museum Outdoor Theater Public School School Maintenance and Equipment Service Center Vocational School |
| Energy Transmission and Distribution | Electric Equipment Maintenance Building Low Head Hydro-Electric Facility Natural Gas Distribution |
| Fire, Rescue and Public Safety | Civil Defense Building Communication Center Fire Department Building Fire Trucks Jail Mobile Communications Center Multi-Service Fire/Rescue Building Police Station Rescue and Ambulance Service Building Equipment Building Jaws of Life |

Public Buildings and Improvements

Adult Day Care Center
Child Day Care Center
City Hall
Community Health Department
County Office Building
Community Center
County Courthouse
Courthouse Annex
Data Processing Center
Food Preparation Center
Heating Plant for Public Buildings
Home for Delinquents
Public Maintenance Building
Community Center

Transportation

Airport Hanger
Airport
Bridge
City Airport
Municipal and County Garage
Off Street Parking
Sidewalks
Street Improvements
Infrastructure for Industrial Park
Railroad
Town Bus Service/Equipment
Marina
Municipal Dock
Special Transportation Equipment

Other

Agricultural Fairgrounds
Animal Shelter
Dike
Ocean Front Protection
Special Services Building
Sprinkler System

Utility

Telemedicine/Distance Learning
Natural Gas

[Revised October 2009 (RBS-13)]



UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Guaranteed Rural Housing Loans

Rural families and individuals may be eligible to become homeowners with the help of a USDA Rural Development guaranteed loan. Sometimes good credit and a steady income are not enough to qualify at a commercial lending institution, like a mortgage company, bank or credit union. Through the guaranteed rural housing loan program, low and moderate income people can qualify for 100% financing on their homes at those same commercial lending institutions.

Eligible Persons

- Must have an adequate and dependable income.
- Must be a U.S. citizen or be legally admitted to the United States for permanent residence.
- Must have a total adjusted annual family income for all adults in the household that does not exceed 115 percent of the median income for the area. (Adjusted annual income is determined by subtracting \$480 for each minor child, childcare expenditures and some medical expenses.)
- Must have a credit history that indicates a reasonable willingness to meet obligations as they become due.
- Must have repayment ability. Lender will use gross income to calculate qualifying ratios.

Principal, interest, taxes and insurance (PITI) divided by gross monthly income, must be equal to or less than 29 percent.

Total debt (TD) of 41% or less is determined by dividing total monthly payments by repayment income. Repayment income includes reliable and dependable income of all parties to the note.

Homes That Qualify

- Guaranteed loans can be made on either new or existing homes.
- Existing homes must be structurally sound, adequate and in good repair at time guarantee is issued.
- USDA Rural Development thermal standards must be met on new construction.
- Plumbing, heating, water, waste disposal and electricity must be certified as adequate and the dwelling must be free from termites.
- No restrictions exist on the size or design of the dwelling financed. No maximum purchase price.
- Must be a residence, not a farm.

- Typical amenities (except in ground swimming pools) are allowed.
- Homes must be located in rural areas. Rural areas include open country in places with a population of 20,000 or less. USDA Rural Development offices can detail eligible areas.

Highlights Of The USDA Guaranteed Rural Housing Loan Program

- Not limited to first-time homebuyers.
- Borrowers make application with participating lenders.
- Borrowers must personally occupy the dwelling following the purchase.
- Mortgages are 30-year loans with fixed or step-rate market interest rates set by the lender.
- Loans may be for up to 100 percent of appraised value. In addition to GRH fee may be financed over and above appraised value.
- Maximum loan amount cannot exceed repayment ability of applicant.
- Loans may include closing costs, guarantee fee, legal fees, title services, cost of establishing the escrow account, and other prepaid items. Buyers are responsible for any other fees or related costs (discount points) required by the lender and not covered by the maximum loan amount.
- A one-time guarantee fee of 2 percent of the loan amount is charged to the lender, but may be passed on to the applicant. This fee is tax deductible when paid by the applicant.
- There is no limit on the seller's contribution to closing costs.
- Guaranteed loans are subject to the provisions of the Civil Rights statutes, including the Equal Opportunity Act.
- South Dakota Housing Development Authority will participate in the program with purchase of first-time homebuyer loans from originating lenders at affordable rates and terms.
- South Dakota Housing Development Authority Step-Rate Loan Program and Fixed Rate Plus are authorized for use by eligible applicants.
- Fannie Mae and other secondary markets will participate in programs with purchase of the loan from the originating lender.
- No PMI. Temporary and permanent buy down allowed.

Interested borrowers should call or visit their local lender or the nearest USDA Rural Development Office for information about the program and exact income limits for particular areas. Local USDA Rural Development office staff will refer potential applicants to participating lenders.

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Service (RHS)

Home Ownership Loans

USDA Rural Development provides loans in rural areas to finance homes and building sites. Rural areas include open country and places with a population of less than 10,000 and, under certain conditions, towns and cities between 10,000 and 20,000 population. Each person who applies gets equal consideration without regard to race, color, religion, marital status, age, handicap or national origin.

How May Loan Funds Be Used?

Home ownership loans may be used to buy, build, improve, repair, or rehabilitate rural homes and related facilities and to provide adequate water and waste disposal systems.

Homes may be built on individual tracts or in subdivisions. Funds may also be used to modernize homes - add bathrooms, central heating, modern kitchens and other improvements.

Borrowers may buy an existing house and lot or buy a site on which to build a home. Under certain conditions, funds may be used to refinance debts on a home.

Who May Borrow?

Home ownership loans are offered to help families or persons with low and moderate income. They must:

1. Be without decent, safe and sanitary housing.
2. Be unable to obtain a loan from other sources on terms and conditions they can reasonably be expected to meet.
3. Have sufficient income to pay house payments, insurance premiums and taxes and necessary living expenses. Persons without adequate repayment ability may obtain co-signers for the loan.
4. Possess the legal capacity to incur the loan obligation.
5. Possess the legal ability to carry out the undertakings and obligations required in connection with the loan.

Under some conditions, holders of long term leases on farms or building sites may be eligible.

What Are The Terms?

Loans may be made for up to 100 percent of the appraised value of the site and the new home if construction inspections were made by USDA Rural Development or other parties authorized by USDA Rural Development. The maximum repayment period is 33 years and, under certain conditions, 38

years. The maximum repayment period for manufactured homes is 30 years. Maximum loan amount can not exceed applicant's repayment ability.

Is The Borrower Expected To Refinance The Loan?

USDA Rural Development loans make it possible for families of low and moderate income to become owners of adequate homes. When the financial position of the borrower improves, refinancing through a commercial lender is required.

Who Determines Applicant Eligibility?

USDA Rural Development at the local level office usually determines the eligibility of applicants.

What About Size And Design Of Homes?

Homes are to be modest in size, design and cost, but adequate to meet family needs. Cost and design vary in different areas of the state.

Who Furnishes Building Plans?

Applicants or builders are expected to supply detailed building plans, specifications and cost estimates. These may be obtained from any reliable source. USDA Rural Development has a limited number of sources for ordering plans.

Where May Houses Be Located?

Houses will be located on desirable sites with an assured supply of safe drinking water and suitable arrangements for sewage disposal. In subdivisions, the houses will be sited in an attractive manner to avoid straight-line monotony and to accent and preserve the natural advantages of topography, trees and shrubbery. The streets and water and waste disposal systems shall meet USDA Rural Development requirements. Funds may be included in the loan to finance lawn seeding and landscaping measures that beautify the home and make it an attractive addition to the community.

Are Plans Reviewed And Is Construction Inspected?

Yes. USDA Rural Development reviews the plans and inspects the construction as it progresses.

When Can Construction Start?

When a borrower obtains a loan to build or improve a home, the loan must be closed before construction starts or debts incurred for material or labor.

What Security Is Required?

Each loan will be adequately secured to protect the Government's interest. A loan of \$7,500 or more, and any loan to be repaid in more than 10 years, will be secured by a mortgage.

A loan of less than \$7,500 scheduled for repayment within 10 years may be secured under certain conditions by a promissory note.

Are There Loan Fees And Other Charges?

The applicant pays for the legal services necessary to guarantee a satisfactory title to the site, for credit reports, and other incidental loan closing costs. These expenses may be included in the loan.

Where Does One Apply?

Applications are made at the USDA Rural Development office serving the area in which the house will be located.

Is There Other Housing Credit?

USDA Rural Development also offers:

1. Loans to build rental or cooperatively owned housing for the elderly and low and moderate-income families.
2. Building site loans to local nonprofit organizations to buy, develop and sell home sites on a nonprofit basis to applicants eligible for home ownership loan assistance.
3. Self-help housing loans to groups of low-income rural families who work together on the construction of their homes to reduce the cash cost. Public and private nonprofit organizations may obtain grants to provide technical assistance to such groups.
4. Loans to owner occupants with low or moderate income to make minor repairs or home improvements.
5. Loans and, in some cases, grants for labor housing for domestic farm workers.

What Other Loans Does USDA Rural Development Make?

The agency makes loans to establish or improve rural water and waste disposal systems; develop rural business and industry; and provide essential community facilities.

U.S. Department of Agriculture
Rural Development - Rural Housing Program
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Section 504 Rural Home Repair Loans And Grants

USDA Rural Development Section 504 loans and/or grants are available to assist eligible, very low income, homeowners with repair of their home, located in rural areas. Repairs may be made to improve or modernize the home, to make it safe, sanitary, or to remove health and safety hazards. Grants are only available for repairs that remove health or safety hazards.

Loan And Grant Purposes

Section 504 grant funds may be used only to pay costs for repairs and improvements which will remove identified health or safety hazards. Loan funds may be used to improve or modernize dwellings regardless of the removal of health or safety hazards. Dwellings repaired with loan or grant funds need not be brought to agency development standards or thermal performance standards, nor must all of the existing hazards be removed provided the dwelling does not continue to have major health or safety hazards after the planned repairs are made.

Authorized loan and grant purposes include but are not limited to the following:

- Installation or repair of sanitary disposal systems, together with related plumbing and fixtures, which will meet local health department requirements.
- Payment of reasonable connection fees, which may include assessments for utilities (i.e. water, sewer, electricity or gas) which are required to be paid by the applicant and which cannot be paid from other funds.
- Energy conservation measures such as:
 - ◆ Insulation.
 - ◆ Combination screen-storm windows and doors.
- Repair or replacement of heating system.
- Electrical wiring.
- Repair or replacement of roof.
- Replacement of deteriorated siding.
- Payment of incidental expenses such as surveys, title clearance, loan closing and architectural or other technical services.
- Necessary repairs to mobile/manufactured homes provided:

- ◆ The applicant owns the home and site and has occupied the home prior to filing an application with USDA Rural Development.
- ◆ The mobile/manufacture home is on a permanent foundation or will be put on a permanent foundation with Section 504 funds. A permanent foundation will be either:
 1. A full below grade foundation, or
 2. A home on blocks, piers or similar foundation with skirting and anchoring tie-downs.
- ◆ The mobile/manufactured home is in need of repairs to remove health or safety hazards.

- Additions to dwellings with grant funds (conventional, manufactured or mobile) only when it is clearly necessary to remove health or safety hazards to the occupants.
- Repair or remodel houses to make accessible and usable for handicapped or disabled persons.
- Other necessary repairs or replacement.
- Payment of application packaging fees under certain conditions.

Maximum Loan Or Grant

- Maximum assistance outstanding to any individual for initial or subsequent Section 504 loans may not exceed \$20,000.
- Lifetime assistance to any individual for initial or subsequent Section 504 grants may not exceed a cumulative total of \$7,500.

Limitation On Use Of Loan/Grant Funds

Section 504 loan or grant funds may not be used to:

- Assist in the construction of a new dwelling.
- Make repairs to a dwelling of such poor condition that when the repairs are completed, the dwelling will continue to be a major hazard to the safety and health of the occupants.
- Move a mobile/manufactured home from one site to another.
- Refinance any debt or obligation of the borrower/grantee.

Limitation On Use Of Grant Funds

In addition, Section 504 grant funds may not be used to make changes to the dwelling for cosmetic or convenience purposes, unless the work is directly related to the removal of hazards. Cosmetic and convenience changes may include, but are not limited to:

- Painting.
- Paneling.
- Carpeting.
- Improving clothes closets or shelving.
- Improving kitchen cabinets.
- Air conditioning.
- Landscape plantings.

Eligibility Requirements

Section 504 applicants must meet the following requirements:

- A citizen of the United States.
- Posses legal capacity to incur the loan obligation.
- Owner and occupant of the dwelling to be repaired.

- Have an adjusted annual income that does not exceed the “very low income” limit as set by USDA Rural Development.
- Have a favorable credit history.
- Be unable to obtain the needed credit from other sources.
- Be unable to remove the safety or health hazards by utilizing personal resources.
- Have adequate repayment ability.
- For a Section 504 grant only:
 - ◆ At least 62 years of age.
 - ◆ Lack repayment ability for a loan.

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Evidence Of Ownership

Applicants must submit evidence of ownership of property to be improved.

Rates And Terms

- The interest rate for all Section 504 loans is one (1) percent per annum.
- Loan terms will not exceed 20 years and should be based on the borrower's repayment ability.

Application

Application for Section 504 assistance will be made on Form RD 410-4, “Application for Rural Assistance (non-farm tract) Uniform Residential Loan Application,” which are available at local USDA Rural Development offices.

Family Budget

Form RD 1944-3, “Budget and/or Financial Statement”, will be prepared by all Section 504 applicants. When determining repayment ability, the budget will consider and account for items such as:

- Non-cash benefits (food stamps, scholarships, free clothing, meals on wheels, free transportation, etc.) which help reduce the applicant's budgeted expenses.

Credit Investigation

Credit reports, at no expense to the applicant, are required for loans exceeding \$7,500.

Verification Of Income

Income from employment will be verified by use of Form RD 1910-5, “Request of Verification of Employment”. Social Security (SS), Supplemental Security Income (SSI), social services, pension and other similar sources are included as income.

Cost Estimates

Written cost estimates will be required for all work to be performed.

U.S. Department of Agriculture
Rural Development - Rural Housing Service
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Rural Rental Housing Loans

Loans for rental housing in rural areas are available from USDA Rural Development to provide living units for persons with low and moderate incomes including those ages 62 and older. Loans may be made for housing in open country and communities up to 20,000 people.

How May Loan Funds Be Used?

Loans are primarily made to build, purchase and/or repair apartment style housing, usually consisting of duplexes, garden type, or similar multi-unit dwellings. The housing must be modest in size, design and cost, but adequate to meet the tenant's needs.

Funds may also be used to:

- Buy and improve the land on which the buildings are to be located.
- Provide streets and water and waste disposal systems.
- Supply appropriate recreation and service facilities.
- Install laundry facilities and equipment.
- Landscape, including lawn seeding, shrubbery and tree planting or other measures to make the housing an attractive addition to the community.

Funds may not be used for nursing, special care or other institutional type housing.

Who May Borrow?

Eligibility of applicants will be determined by USDA Rural Development. Borrowers should have the ability and experience to operate and manage a rental housing project successfully.

Rental housing loans can be made to individuals, trusts, associations, partnerships, limited partnerships, limited liability companies, state or local public agencies, American Indian tribes, consumer cooperatives and profit and nonprofit corporations. Nonprofit corporations may be organized on a regional or multi-county basis.

Borrowers must agree to provide rental units for occupancy by eligible individuals or families. They must be unable to finance the housing with personal resources and, with the exception of state or local public agencies, be unable to obtain credit from other sources on conditions and terms which would permit them to rent units to eligible families. If the borrower

is a profit and limited profit organization, the assets of the individual members will be considered in determining whether other credit is available.

USDA Rural Development will deal only with the applicant or authorized representative. In the case of a nonprofit applicant, the representative must have no pecuniary interest in the housing site, the award of contracts or purchase of equipment.

Does USDA Rural Development Limit The Borrower's Profit?

In all cases, rent charges must be within limits that eligible occupants can afford to pay. Borrowers are required to deposit rental income in special accounts and establish reserve funds to meet long-term capital replacement needs. Limited profit borrowers are allowed an 8 percent return on their initial investment determined at the time of loan approval.

Who May Occupy The Housing?

The housing is for families and individuals with very low, low and moderate incomes and may include persons age 62 or over. The maximum income level for occupancy will be established by USDA Rural Development.

What Are The Terms?

The payment period will not exceed 30 years from the date of note; however, if necessary to assure affordability, the loan may be amortized for a period not to exceed 50 years. All applicants are required to provide initial operating capital equal to at least 2 percent of the cost of the project. For nonprofit organizations and state and local public agencies, fees for application packaging and the 2 percent operating capital may be included in the loan as part of the development cost.

Loans to nonprofit organizations and state or local public agencies can be up to 102 percent of the appraisal value or development cost, whichever is less. Loans to applicants receiving low income housing tax credit (LIHTC) are limited to not more than 95 percent of the appraisal value or development cost, whichever is less. Loans to all other applicants will be limited to 97 percent of appraisal value or development cost.

How Will Planning And Construction Be Performed?

Before a loan can be approved, applicants must provide detailed plans, specifications and cost estimates. The applicant must provide complete architectural services, including inspections during construction. USDA Rural Development will review the plans and inspect the construction as it progresses.

A borrower who is a builder and capable of building a project may obtain a loan under the same conditions as any other applicant. The builder-applicant may be permitted a contractor's fee which is typical for the area.

All borrowers are encouraged to obtain interim construction funds from local lenders. A borrower must show that local construction funds are not available before USDA Rural Development will provide such funds.

What Are The Construction Standards?

All project development work such as buildings, streets, water, waste disposal, heating and electrical systems must fully conform with applicable laws, ordinances, codes, regulations and USDA Rural Development requirements.

When Can Construction Be Started?

The borrower must wait until the loan is closed and authorization given by USDA Rural Development to start construction. If interim construction financing is to be used, construction will start only after the loan is approved and funds obligated.

Where May Housing Be Located?

The housing will be located on desirable sites in a residential area that is easily accessible to community services and amenities, with an assured supply of safe drinking water and suitable arrangements for waste disposal approved by USDA Rural Development. Housing will be arranged on the site in an attractive manner to accent and preserve the advantages of natural topography, trees and shrubbery. The list of designated communities is available at any Rural Development office.

What Information Is Needed?

Rural Development Managers of USDA Rural Development will provide information on how to complete and file applications. Applicants must furnish:

- Complete financial information.
- Preliminary Plans, specifications and cost estimates.
- A budget of anticipated income and expense.
- Market information supporting the need for housing in the area.

Applicants may obtain application forms and other forms for completing budgets and market surveys from any USDA Rural Development office.

This is a competitive loan program and funding is available when announced in the Federal Register.

What About Loan Applicant Fees And Other Charges?

Fees are not charged for loan processing. However, the applicant pays for legal services necessary to guarantee a satisfactory title to the site and for other incidental loan closing costs. These expenses may be included in the loan.

What Security Is Required?

Each loan will be secured in a manner that adequately protects the financial interest of the Government. A first mortgage will be taken on the property purchased or improved with the loan except for public or quasi-public organizations that cannot give a real estate mortgage. In those instances the security will be determined by USDA Rural Development.

How Do These Loans Aid In USDA Rural Development?

Rental Housing loans are made through USDA Rural Development to help provide decent homes in suitable living environments. Good rental units give a balanced housing program to a rural community and make it a more desirable place to live. An adequate supply of quality housing helps

check the flow of rural people to urban areas by encouraging families to live in rural communities.

The program raises living standards, creates a healthy environment for family life and makes rural communities attractive locations for development and expansion of industries.

Rental housing loans stimulate economic activity in rural communities by increasing sales of building materials and home furnishings and by providing jobs for construction workers.

Where Can You Apply?

Applications should be made at the USDA Rural Development office serving the area in which the housing will be located.

Applications will be accepted when announced annually in the Federal Register by the National Office, USDA Rural Development.

Each person or group applying for credit must be given equal consideration without regard to race, color, religion, age, sex, marital status, handicap or nation origin.

Is Other Financial Assistance Available For Housing?

USDA Rural Development also offers:

- Home ownership loans to help families with very low and low incomes finance homes and building sites.
- Building site loans to public and nonprofit organizations to buy, develop and sell home sites on a nonprofit basis to applicants eligible for home ownership loan assistance or for nonprofit rural rental housing projects.
- Self-help housing loans to groups of low-income rural families who work together on the construction of their homes to reduce the cash cost. Public and private nonprofit organizations may obtain grants to provide technical assistance to such groups.
- Repair loans for families with very low and low incomes who wish to improve their homes.

U.S. Department of Agriculture
Rural Development - Rural Housing Program
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Section 538 Guaranteed Rural Rental Housing Loans

The Section 538 Guaranteed Rural Rental Housing Loan Program is intended to produce new affordable rental housing by inviting qualified lenders and eligible housing providers to propose rental complexes that will serve rural residents with low and moderate incomes. The rural residents will be provided rental housing through the use of loan guarantees.

It is anticipated that complexes developed under this program may utilize other affordable housing programs such as Low Income Housing Tax Credit, taxable bonds, HOME Investment Partnerships Program funds, and other State or locally funded tenant assistance or grants.

Eligible Borrower

May be a non-profit organization, public bodies or for-profit organizations, including limited partnerships or LLC's.

Lender Eligibility

Lenders currently approved and considered eligible by Fannie Mae and Freddie Mac, the Federal Home Loan Bank members, or the Department of Housing and Urban Development for guaranteed loan programs supporting multi-family housing are considered approved lenders, as well as state housing finance agencies.

Interest Rates And Loan Term

Must be a fixed rate. Interest rate will be the best rate negotiated between the lender and the applicant. The loan term can be up to 40 years with at least 25 years minimum term. These requirements are announced annually in the Federal Register.

Security

Tax exempt bonds can be used to finance projects.

Guarantee Fee

Fees will be announced annually in the Federal Register.

Rural Housing Service will guarantee up to 90 percent of the principal.

Size And Type Of Housing

Rural Housing Service will consider proposals for new construction or acquisition with rehabilitation of at least \$6,500 per unit. Apartment complexes must consist of five or more rental dwelling units. Complexes may contain units that are detached, semi-detached, row houses or multi-family structures. The proposed housing may exceed the size allowances and amenities prohibited under the RHS Section 515 Rural Rental Housing program provided such costs and features are generally found in similar housing proposals for similar income families in the market area. Such costs, features and amenities may include larger units, dishwashers, microwaves and increased community spaces.

Section 538 funds may be used for rehabilitation of an existing Section 515 complex.

Income and Rent Restrictions

- Tenant income cannot exceed 115% of area median income, adjusted for family size.
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size.
- Average rent (including tenant-paid utilities) for all units in a project cannot exceed 30% of 100% of area median income.

Tenants are protected by the Fair Housing and Equal Opportunity regulations.

The above stated criteria are subject to change when regulations are published annually in the Federal Register.

Applications will be accepted when announced in the Federal Register by the National Office, USDA Rural Development.

U.S. Department of Agriculture
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Program

Rural Housing Site Loans

USDA Rural Development makes loans to finance building sites, which may be developed into desirable residential communities. The sites must be in rural areas and must be sold on a nonprofit basis. Rural areas include open country and places with a population of 10,000 or less that are rural in character and not closely associated with urban areas. Loans may be made in towns with populations under 20,000. Rural Housing site loans are authorized under Section 523 and 524 of the Housing Act of 1949, as amended. Section 523 sites are for housing to be built by the self-help method. Section 524 sites have no limitation on the method of home construction.

Who May Receive A Loan?

Loans may be made to public or private local nonprofit organizations with legal authority to buy, develop and sell home sites to eligible applicants.

Each applicant must provide evidence of need for the proposed sites and information as to the number of sites to be developed and the estimated development cost.

Applicants should not start work or incur obligations in connection with the project before the loan is closed.

Who May Buy Sites?

Sites developed with a Section 523 loan may be sold only to qualified families who will build homes by the self-help method.

Sites developed with a Section 524 loan may be used for dwellings for low and moderate income families and may be sold to families, nonprofit organizations, public agencies and cooperatives eligible for assistance under any law which provides financial aid for housing. Such agencies include USDA Rural Development, HUD, VA, private lenders, nonprofit organizations funded by federal, state or local governments, or state and local public agencies.

What Are The Loan Terms?

- Repayment is expected within two years.
- The interest rate for Section 523 loans is three percent.

- The interest rate for Section 524 loans is determined annually.

How May Loan Funds Be Used?

Funds may be used to:

- Buy and develop building sites, including construction of essential access road, streets, and utilities that become permanent features of the development.
- Pay engineering and legal fees and actual cost of incidental administrative expenses such as postage, telephone, advertising and temporary secretarial help, provided funds for these expenses are not otherwise available.

Funds may NOT be used to:

- Buy land in excess of immediate needs in the locality.
- Buy land directly or indirectly from a member of the applicant organization unless prior USDA Rural Development consent has been obtained.
- Develop lots that are excessive in cost or unsuitable for the type of housing needed and planned.

What Security Is Required?

Each loan will be adequately secured to protect the interest of the government. Loans will be secured by liens on property purchased or improved with the loan.

Where Is Application Made?

Applications for loans are made at the local offices of USDA Rural Development. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application. All applications are considered without regard to the race, color, religion, age, sex, marital status, handicap or nation origin of the applicant and benefits that accrue from use of the funds must be available to all on the same basis.

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Self-Help Housing Loans

USDA Rural Development makes loans for self-help housing including site development, and grants for technical assistance to help low-income families build homes in rural areas. Rural areas include open country and communities which are rural in character and not closely associated with urban areas. Each person or group applying for credit must get equal consideration without regard to race, color, creed, sex, marital status or national origin.

What Is Self-Help Housing?

Individual houses are built under supervision by a group of families who will live in the dwellings. In short, it is a group mutually helping each other with the guidance of a construction expert.

Who May Borrow?

Any small group of low-income families may qualify providing they cannot individually afford to build modest houses by customary methods. Each family must be able to repay a loan for the cash cost of the house.

Where Does One Apply?

Loan applications are accepted by USDA Rural Development on an individual basis from each family participating in a self-help housing program. Loan applications are filed in the USDA Rural Development office serving the area where the housing will be located.

How May Loan Funds Be Used?

Loans are used to buy material and to pay for any skilled labor and contract costs for work the families are unable to perform. If necessary, loans may be used to buy building sites and to prepare them for construction activity.

How Is A Group Formed?

Find 6 to 10 families in your area interested in self-help housing who cannot afford to obtain a modest house by customary methods. Contact the USDA Rural Development manager and express your desire to take part in the self-help housing program. You will be guided through the application process.

What Must Self-Help Members Do?

Members must agree:

- To work as a group under the guidance of a construction supervisor.
- To work the required hours necessary to complete the house.
- To attend all preconstruction meetings.
- To build their houses in the same community.
- To carry out all responsibilities of home ownership after housing is completed.

What Will USDA Rural Development Do?

USDA Rural Development will:

- Determine the eligibility of each participating family.
- Advise the participating families of assistance from other federal or public organizations.
- Conduct preconstruction meetings that will include basic instructions in construction, familiarization with the self-help approach and discussion of planning, construction and maintenance of a home.
- Make loans to an eligible nonprofit organization to develop home sites to be sold to applicants on a nonprofit basis.
- Make technical assistance grants to qualified organizations to pay for technical assistance and construction supervisor.
- Hire a construction supervisor, if necessary.

How Will Planning And Building Be Performed?

- Plans for modest but adequate housing will be selected and specifications developed.
- Construction will involve as much on-site work as practicable.
- Basic plans and construction methods will be standardized as much as possible.
- Materials may be purchased on a group basis.
- Group will decide how members will share labor, how records will be kept of time worked and how labor will be exchanged on a basis fair to all members.
- Depending on skills of participants, group may decide to do all the construction, or contract for work that cannot be done easily, such as excavating, installation of wiring or plumbing and dry wall finishing.
- Construction will start only after the loan has been closed.
- Construction of houses will be done in stages. Each stage of construction will be finished, if practical, on all houses before starting the next stage.
- The construction supervisor, with advice of the group's president, will divide the group into teams on the basis of skills, compatibility and availability.
- Construction changes cannot be made without prior approval of the USDA Rural Development manager.
- Families will move into the new homes only after construction of all houses has been completed.

What Agreements Are Signed?

Each family will sign a promissory note as evidence of a desire to participate in the self-help housing program and to furnish the required labor to complete the house.

A membership agreement, which will outline the operation of the project, also will be signed by each family.

Who May Receive Technical Assistance Grants?

A public body or a public or private nonprofit corporation with the legal, administrative and technical capacity to provide supervisory assistance to help low income families build homes in rural areas by the self-help method may qualify. An applicant organization must show that:

- A need clearly exists in the area for self-help housing.
- Personnel can be hired to successfully carry out a technical assistance program.
- Funds are not available from other sources to provide these services.

If the applicant is a nonprofit corporation it must also have either:

- Successful experience in the field of self-help housing or
- A sponsoring organization with this experience or with proven ability in related business fields.

How May Funds Be Used?

Organizations may use technical assistance funds:

- To hire the personnel to carry out a program of technical assistance for self-help housing.
- To pay necessary and reasonable office and administrative expenses.
- To make essential equipment, such as power tools, available to families participating in self-help housing construction.
- To pay fees for training self-help group members in construction techniques or for other needed professional services.

The amount of technical assistance funds will be based on estimates of reasonable technical assistance costs per house as determined by USDA Rural Development. Agreements may be made for up to two years. The group must provide USDA Rural Development with monthly financial and construction progress reports.

Funds may not be used for:

- Hiring personnel to perform actual construction work for families participating in a self-help project.
- Buying real estate, building materials or other property for participating families.

What Other Financial Aid Does USDA Rural Development Provide?

The agency offers financial assistance for home ownership, rental housing, building site development, farm labor housing and for repairing homes, rural water and waste disposal systems and other community facilities, and for developing business and industry.

U.S. Department of Agriculture
Rural Development - Rural Housing Programs
(Revised October 2009)

South Dakota State Office Facsimile Number : (605) 352-1146
South Dakota State Office TDD Number : (605) 352-1147
E-Mail Address: tammi.schone@sd.usda.gov

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National Office Web Site: <http://www.rurdev.usda.gov>
South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>
South Dakota State Office Telephone Number: (605) 352-1100



UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Program

Technical Assistance For Self-Help Housing

USDA Rural Development, an agency of the U.S. Department of Agriculture, provides qualified public and private nonprofit organizations with financing for effective programs of technical and supervisory assistance to help low income families build homes in rural areas by the self-help method. This is the only means for many low-income households to obtain safe, sound and sanitary housing.

Who May Receive Assistance?

A public body or a public or private nonprofit corporation with the legal, administrative and technical capacity to carry out the objectives of the program may qualify. An applicant organization must show that:

- A need clearly exists in the area for self-help housing.
- Qualified personnel can be hired to carry out the objectives of a technical assistance program.
- Funds are not available from other sources to provide these services.
- If the applicant is a nonprofit corporation, it must also have either:
 - Successful experience in the field of self-help housing or
 - A sponsoring organization with this experience or with proven ability in related business fields.

How May Funds Be Used?

Organizations may use technical assistance funds:

- To hire the personnel to carry out a program of technical assistance for self-help housing.
- To pay necessary and reasonable office and administrative expenses.
- To make essential equipment, such as power tools available to families participating in self-help housing construction.
- To pay fees for training self-help group members in construction techniques.

Are There Limitations On Fund Use?

Yes. Funds may not be used for:

- Hiring personnel to perform actual construction work for families.
- Buying real estate, building materials or other property for participating families.

Under What Conditions Is Assistance Available?

The applicant organization must show that self-help housing clearly is needed in the area where it proposes to supply assistance, and that services and equipment to be paid for with technical assistance funds cannot be financed through any other sources. A technical assistance grant is available to gather this information and prepare an application.

An agreement between USDA Rural Development and a recipient organization may cover assistance to be rendered by the organization for up to 2 years.

Where Are Applications Made?

Application should be made at USDA Rural Development offices. The office staff will explain the services available for the agency and help organizations complete their applications.

All applications are considered without regard to the race, color, creed or national origin of applicants, and service must be extended on this same basis.

Is There Other Assistance For Self-Help Housing?

The USDA Rural Development makes rural housing loans so individual families may construct their homes by the self-help method.

Loans also are made to public and private nonprofit organizations to develop building sites for sale to families participating in self-help housing projects. Information on these programs is available from offices of USDA Rural Development.

U.S. Department of Agriculture
Rural Development - Rural Housing Program
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Housing Preservation Grants

Grant funds are available annually on a competitive basis to nonprofit groups assisting very low-income homeowners or renters with essential repairs.

Eligible Grantee

May be a public or private nonprofit organization, public agency or body of any State government or commonwealth or federally recognized American Indian tribe. The grantee must have the necessary background and experience on the part of its staff with proven ability to perform the responsibility in the field of low-income rural housing development, repair and rehabilitation. Grantees are required to make quarterly progress reports and a final audit on their accomplishments.

Use Of Funds

Grant funds are used by the organization to assist very low-income homeowners with grants or low interest loans which will be used to repair or rehabilitate homes that do not meet decent, safe, sanitary and handicapped accessibility standards. Funds may be used for labor and materials for the needed repairs; and up to 20% of the funds may be used for administrative expenses. Leveraged funds from other sources are encouraged to be used with the Housing Preservation Grant funds.

Eligible Homeowners

The individual homeowners assisted must have incomes that meet the very low or low income definitions, be the owner of an individual dwelling at least one year prior to the time of assistance, and be the intended occupant of the dwelling after the repairs are completed. The dwelling must be located in a rural area or community and be in need of housing preservation assistance. Each homeowner is required to submit evidence of income and ownership for the grantee's files.

What Repairs Are Authorized?

Including but not limited to :

- Installation or repair of sanitary water and waste disposal systems.
- Insulation, combination screen-storms windows and doors.
- Repair or replacement of heating systems.
- Electrical wiring.
- Foundation repair.
- Roof repair and replacement.

- Handicap Accessibility features.
- Additions to dwellings to alleviate overcrowding.
- Other necessary repairs.

Where Can Applications Be Made?

This is a competitive grant program. Applications will be accepted when announced in the Federal Register by the National Office Rural Housing Service. The application period generally runs for 90 days, usually starting around January 1st. Applications can be made at local USDA Rural Development offices. The individual homeowners make applications to an approved grantee.

Are Other Funds Available?

The Housing Preservation Grant Program can also be made to nonprofit organizations to assist rental property owners with necessary repairs to their apartment units. An applicant can make application for either homeowners or renters, but cannot make a combined application.

U.S. Department of Agriculture
Rural Development - Rural Housing Programs
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Farm Labor Housing

Farm workers, who perform some of the most exhausting, backbreaking labor in the United States, are also among the lowest paid workers. Their lives are made even more difficult by a lack of resources most Americans take for granted.

Housing conditions for farm laborers lag far behind those for other Americans. In some cases, they live in houses that are little better than shacks.

However, help for improving farm worker living conditions is available. The United States Department of Agriculture's (USDA) Rural Development mission area offers programs to help public and nonprofit organizations build farm labor housing.

USDA Rural Development serves as the only national source of construction funds for dedicated farm labor housing through its Farm Labor Housing loan and grant programs (often referred to as the Section 514 and 516 programs). These programs provide assistance to build housing for both migrant and year-round laborers.

Off-Farm Housing for Farm workers

USDA low-cost mortgage loans and grants are available to State or local governments and nonprofit organizations to build, buy, improve, or repair rental housing for farm laborers and to provide amenities such as dining facilities, community or recreation rooms, child care centers, and laundry rooms. Funds may also be used to: buy building sites; purchase basic durable household furnishings; and develop water, sewage disposal, heating, and lighting systems.

Limited partnerships in which the general partner is a nonprofit entity may also obtain loans under this program. Such partnerships are eligible for low income housing tax credits, which may be used in conjunction with USDA's Farm Labor Housing program.

Rural Development encourages locating off farm housing close to important facilities such as child care and health care

services. Loan and grant funds can also be used to build on-site facilities, such as childcare or recreational facilities. In all cases, housing must be built in locations free from environmental hazards.

USDA typically provides a rental assistance subsidy to tenants, making the rent affordable for them. No discrimination because of race, color, religion, age, sex, disability, family status, or national origin is permitted among potential occupants.

On-Farm Housing for Farm Workers

USDA Rural Development offices can also provide 1-percent loans to growers who wish to build on-farm housing. The on-farm housing is available only to farm workers who work for the farmer or rancher borrowing the funds.

In most cases, rent cannot be charged, although some exceptions can be made for high-volume-occupancy structures. The term of the loans is 33 years, and the homes must remain in the program during that period. Several restrictions apply if a farm operator wishes to pay off this type of loan early.

Applications for Off Farm Housing will be accepted when announced in the Federal Register. On farm housing applications should be made at the USDA Rural Development Office serving the area in which the housing is to be located.

The Definition of Farm Laborer

Any person (and the family of such person) who receives a substantial portion of his or her income from primary production of agricultural or aquacultural commodities or the handling of agricultural or aquacultural commodities in the unprocessed stage, or the processing of agricultural or aquacultural commodities, without respect to the source of employment, except that (A) such person shall be a citizen of the United States or a person legally admitted for permanent residence; (B) such term includes any person (and the family of such person) who is retired or disabled, but who was domestic farm labor at the time of retirement or becoming disabled.

We're Here to Help

Wherever your rural community is located, there is USDA Rural Development offices that can help you build your farm labor housing or other facility. Rural Development officials can explain how to apply for assistance and provide valuable advice on project planning.

Further information on our programs for farm laborers is available from the USDA Rural Development state or district office serving your area.

U.S. Department of Agriculture
Rural Development - Rural Housing Programs
(Revised October 2009)

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Housing Programs

Equal Opportunity For USDA Rural Development Loan And Grant Recipients

Objective - To make USDA Rural Development Program Recipients aware of their rights and responsibilities within the agency's loan and grant programs.

Policy Statement

USDA Rural Development policy prohibits discrimination on the basis of race, color, religion, national origin, age, sex, marital or familial status or handicap, as long as the person is legally able to assume the obligations of the program.

These provisions are applicable for:

- Equal access to those persons applying for and receiving loans or grants directly from USDA Rural Development.
- Equal access to persons using the services of any developments financed with USDA Rural Development programs.

Examples Of Prohibited Actions

- USDA Rural Development may not, on grounds of race, color, religion, national origin, age, sex, marital or familial status or handicap:
 - ◆ Deny an individual any service, financial aid or other benefit provided under the program.
 - ◆ Subject an individual to segregation or separate treatment.
 - ◆ Treat an individual differently in determining eligibility or adverse servicing actions.
 - ◆ Discriminate in the selection of members of paneling or advisory boards.
- In determining the site or location of facilities, a recipient may not make a selection that will have the effect of discrimination; such as, barriers to persons in wheelchairs, or assigning sites based on any of the above grounds.
- Unequal assessments for dues, charges for usage as in water hookups, or establishing rental rates in apartments.
- Unequal treatment in the granting of Section 502 homeowner subsidies, or granting of rental subsidies in the Section 515 Rural Rental Housing program.

The examples mentioned represent only some of the many possible violations which are prohibited. Whenever there is a difference in treatment based on anything other than merit or on applicable program regulations, such treatment may

constitute an act of discrimination and should be reported to the appropriate officials.

USDA Rural Development Requirements

USDA Rural Development staff make periodic visits to rural rental housing and other association type projects, such as water and waste disposal loans, community facility loans and to Rural Development field offices to assure compliance with the agency's equal opportunity policies. Field offices are reviewed by state office staff; and each state is visited periodically by the national Office Civil Rights Staff. At all levels, USDA Rural Development staff and recipients are monitored for compliance with Equal Opportunity Laws.

USDA Rural Development staff conduct outreach programs to assure all persons are aware of the lending opportunities available. Rural Development offices and association type loan participants are required to display the "...And Justice for All" poster. The agency field offices and Rural Rental Housing loan recipients also display the "Fair Housing Poster", as well as other notices of USDA's equal opportunity policies. Rental housing project signs must contain an Equal Housing Opportunity logo.

For persons with disabilities, reasonable accommodations may be made to dwellings financed under the single family housing program or to apartments in the rental housing program. persons requiring accommodations should make a request of the agency or manager stating their needs. Accommodations must be structurally and financially feasible.

USDA Rural Development offices and meeting facilities are located in buildings which are accessible to persons with disabilities. In South Dakota, a person using telecommunications device for the deaf (TDD) equipment may contact the USDA Rural Development through a TDD relay service, whose phone number is 1-800-877-1113.

How To File A Complaint Of Discrimination

Written complaints may be directed to any USDA Rural Development state or field office, or may be sent directly to the Administrator, USDA Rural Development, Washington, DC 20250-0700, Attn: CRS. Complaints may also be directed to the Secretary of Agriculture.

The letter should contain all pertinent information and should state the specific grounds on which a person believes they were discriminated against.

Complaints of discrimination are handled seriously and as quickly as possible. The review or investigation may include a telephone call, written follow-up or a face-to-face interview.

Each USDA Rural Development state office has a designated Civil Rights Coordinator or Manager who provides training to USDA Rural Development staff, public outreach and assists the national office with complaint investigation.

For additional information on anything in this pamphlet or other equal opportunity questions, South Dakota residents may contact the State Director, USDA Rural Development or the States Civil Rights Manager. The address is:

USDA Rural Development
Federal Building, Room 210
200 4th Street SW
Huron, SD 57350-2477

Telephone numbers: (605) 352-1100
TDD: (605) 352-1147

U.S. Department of Agriculture
Rural Development - Rural Housing Programs
(Revised October 2009)

National Office Web Site: <http://www.rurdev.usda.gov>
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Utilities Programs

Distance Learning And Telemedicine

Bringing the World to Rural America

The Distance Learning and Telemedicine Program (DLT) is designed specifically to meet the educational and health care needs of rural America. Through loans, grants, and loan/grant combinations, advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents. The DLT program has funded over 1,050 projects in 48 states and four US territories totaling \$350.4 million.

100% Grant Program Features

DLT grant applications are accepted annually through a competitive process. The open season for applications is announced each year, usually in January, through a notice in the Federal Register. Applicants are required to provide a minimum of 15 percent in matching funds. Grant awards can range from a minimum of \$50,000 up to a maximum of \$500,000.

Eligible Purposes:

- Acquisition of eligible equipment:
 - Computer hardware and software
 - Audio and video equipment
 - Computer network components
 - Terminal equipment
 - Data terminal equipment
 - Inside wiring
 - Interactive video equipment
 - Other facilities that further DLT services
- Acquisition of instructional programming
- Acquisition of technical assistance and Instruction for using eligible equipment

Competitive Scoring Criteria:

- Rurality of the service area
- Economic need (estimated by the National School Lunch Program)
- Leveraging (matching funds)
- Project location in USDA Enterprise Zones
- Need for services and benefits
- Innovativeness
- Cost effectiveness of the system

For More Information

For more information or to obtain an application package, visit the DLT website at <http://www.usda.gov/rus/telecom/dlt/dlt.htm>

Or write your local or state USDA Rural Development office (see the U.S. government listing of your phone directory under U.S. Department of Agriculture), or the National Office at:

USDA Rural Development

Utilities Programs

U.S. Department of Agriculture

1400 Independence Ave., S.W., Room 2845

Mail STOP 1550 Washington, D.C. 20250-1550

Phone: (202) 720-0413 FAX: (202) 720-1051

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised October 2009)

National Office Website: <http://www.rurdev.usda.gov>
South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>
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RURAL DEVELOPMENT

Rural Utilities Programs

Rural Broadband Access Loan & Loan Guarantee Program

Broadband Service means any technology identified by the Administrator as having the capacity to transmit data to enable a subscriber to originate and receive high-quality voice, data, graphics and video. For funding under 7CFR 1738, projects must offer data transmission services, and may provide voice, graphics and video.

General Program Description

This program is designed to provide loans for funding, on a technology neutral basis, for the costs of construction, improvement and acquisition of facilities and equipment to provide broadband service (*minimum of 200Kb/s upstream and downstream*) to eligible rural communities. The program's goal is to ensure that rural consumers benefit from the same quality and range of telecommunications services that are available in urban and suburban communities.

Applicant Eligibility

The Rural Development Utilities Program (RDUP) makes broadband loans and loan guarantees to legally organized entities providing, or proposing to provide, broadband services in eligible rural communities. Types of eligible entities include: cooperative, nonprofit, limited dividend or mutual associations, limited liability companies, Indian tribes and tribal organizations, and commercial organizations. Individuals or partnerships of individuals are not eligible.

An eligible rural community is defined as any incorporated or unincorporated place in the United States, its territories and insular possessions (including any area within the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau) that has no more than 20,000 inhabitants based on the most recent available population statistics of the Bureau of the Census.

To be eligible to receive a loan under this program, an entity: (1) cannot be serving more than 2 percent of the telephone subscriber lines installed in the United States; and (2) must have sufficient authority to enter into a contract with RDUP and to carry out the purposes of the proposed loan.

Eligible Loan Purposes

RDUP makes broadband loans and loan guarantees to:

- Finance the construction, improvement, and acquisition of facilities and equipment to provide broadband service in eligible rural communities;
- Finance broadband facilities leased under the terms of a capital lease, as defined in generally accepted accounting principals; financing will be limited to 5 years of lease costs;
- Finance the acquisition by an eligible entity of another system, lines or facilities if the acquisition is necessary and incidental to furnishing or improving rural broadband service (can not exceed 50 percent of requested loan amount); and
- Refinance an outstanding obligation on another telecommunications loan made under the RE Act. The refinancing cannot exceed 40 percent of the loan amount.

Types of Loans, Rates, and Terms

- **Direct Cost-of-Money Loan**– This loan will bear interest at a rate (the “Cost of Money Interest Rate”) equal to the cost of borrowing to the Department of Treasury for obligations of comparable maturity.
- **Private Loan Guarantee** – This loan shall bear interest at a rate set by the lender consistent with the current applicable market rate for a loan of comparable maturity.
- **Direct 4 Percent Loan** – To be eligible for this loan bearing an interest rate of 4 percent, the applicant must be proposing to serve a rural community that:
 - Has a population of less than 2,500 inhabitants;
 - Is not currently receiving broadband service;
 - Is located in a county with per capita personal income that is less than or equal to that percent of the national average per capita personal income which RDUP will publish in the Federal Register at the beginning of each fiscal year; and
 - Has a service area with a certain maximum population density, calculated as the total number of persons in the service area divided by the square miles of the service area. The maximum population density will be published by RDUP in the Federal Register at the beginning of each fiscal year.

Security

Terms and conditions of loans are set forth in a mortgage, note, and loan contract. RDUP must be able to determine that the security for the loan is reasonably adequate and that the loan will be repaid on time.

Credit Support

To be eligible for a loan, RDUP will require, as a condition to RDUP financing, that an applicant provide credit support in an amount equal to 20 percent of the requested loan amount. The applicant must have, as part of the minimum 20 percent requirement, cash or, in the case of state and local governments, cash equivalents in an amount equal to operating expenses for the first full year of providing service, as determined by a feasibility study

satisfactory to RDUP. If one full year of operating expenses exceeds the minimum requirement, applicants will be required to provide the entire amount for the full year of operating expenses.

Please visit our web site:

<http://www.usda.gov/rus/telecom/broadband.htm>

For more information contact your nearest USDA Rural Development state or local office: or you may contact Rural Development's national office at (202) 720-4323. Or write to:
USDA Rural Development
Stop 0705
1400 Independence Avenue, SW
Washington, DC 20250-0705

Information is also available on our website at
<http://www.rurdev.usda.gov>

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised December 2007)

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South Dakota State Office Facsimile Number : (605) 352-1146
South Dakota State Office TDD Number : (605) 352-1147
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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Utilities Programs

Community-Oriented Connectivity Broadband Grant Program

The Community-Oriented Connectivity Broadband Grant ("Community Connect") Program provides grants to eligible applicants to establish broadband service in rural communities that are not currently served. The grants are provided on a "community-oriented connectivity" basis, meaning that broadband transmission service funded through the program must foster economic growth and deliver enhanced educational, health care, and public safety services.

Grant Program Features

Grant applications are accepted annually through a competitive process. The open season for applications is announced each year, usually in January, through a notice in the *Federal Register*. Applicants are required to provide a minimum of 15 percent in matching funds. Grant awards can range from a minimum of \$50,000 up to a maximum of \$1 million.

Eligibility Information

Who Is Eligible for Assistance?

Entities that are legally organized as:

- An incorporated organization;
- An Indian Tribe or tribal organization;
- A State or local unit of government;
- A cooperative, private corporation, or limited liability company organized on a for- or non-profit basis.

Who Is Ineligible?

Individuals and partnerships are not eligible.

What Are the Basic Eligibility Requirements?

Applicants must:

- Provide matching funds equal to 15 percent of the requested grant amount;
- Serve a rural area where broadband transmission service does not exist;
- Serve one and only one community recognized by the U.S. Census Bureau or Rand McNally;
- Deploy basic broadband transmission service free of charge for 2 years to all critical community facilities;
- Offer basic broadband transmission service to residential and business customers within the proposed service area;

- Provide a community center with at least 10 computer access points free of charge for 2 years.

What Are the Eligible Purposes for the Grant Funds?

- Construction, acquisition, or lease of facilities to deploy broadband to all critical community facilities, as well as residences and businesses in the proposed service area;
- Improvement, expansion, construction, or acquisition of a community center;
- End-user equipment to carry out the project;
- Operating expenses of up to \$250,000 for the critical community facility for the first 2 years;
- Purchase of land, buildings, or building construction;
- The open-season announcement may outline other specific criteria and/or limitations on funding.

Elements of Scoring:

- Rurality of the community: Up to 40 points
- Median Household Income: Up to 30 points
- Benefits derived: Up to 30 points

For More Information

For more information or to obtain an application packet, visit the Community Connect Web site at <http://www.usda.gov/rus/telecom/commconnect.htm>.

Or write to your local or State USDA Rural Development office (see the U.S. Government listing in your phone directory under U.S. Department of Agriculture), or the National Office at:

Community-Oriented Connectivity Broadband Grant Program

Rural Utilities Programs

USDA Rural Development

Broadband Division

U. S. Department of Agriculture

1400 Independence Ave., S.W., Room 2868,

So. Building

Mail STOP 1599

Washington, D.C. 20250-1599

Phone: (202) 690-4673

Fax: (202) 690-4389

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U.S. Department of Agriculture

Rural Development - Rural Business-Cooperative Program

(Revised October 2009)

National Office Web Site: <http://www.rurdev.usda.gov>

South Dakota Web Site: <http://www.rurdev.usda.gov/sd/>

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UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL DEVELOPMENT

Rural Utilities Programs

Electric Programs

Providing reliable, affordable electricity is essential to the economic well-being and quality of life for all the nation's rural residents. The electric program of USDA Rural Development provides leadership and capital to upgrade, expand, maintain, and replace America's vast rural electric infrastructure. Under the authority of the Rural Electrification Act of 1936, USDA Rural Development makes direct loans and loan guarantees to electric utilities to serve customers in rural areas. Through USDA Rural Development, the federal government is the majority noteholder for more than 700 electric systems.

The electric program makes loans and loan guarantees to finance the construction of electric distribution, transmission and generation facilities, including system improvements and replacement required to furnish and improve electric service in rural areas, and for demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

USDA Rural Development makes loans to corporations, states, territories, and subdivisions and agencies such as municipalities, people's utility districts, and cooperatives, nonprofits, limited-dividend, or mutual associations that provide retail electric service needs to rural areas. USDA Rural Development also provides financial assistance to rural communities with extremely high-energy costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities. USDA Rural Development services approximately 686 active electric borrowers in 47 states.

Most USDA Rural Development-financed systems have a two-tiered organizational structure. Retail consumers are members

of the distribution cooperative that provides electricity directly to their homes and businesses. Most distribution cooperatives, in turn, are members of power supply cooperatives, also call "generation and transmission" or "G&T" cooperatives, which generate and/or produce electricity and transmit it to the distribution member systems.

Rural Electrification Direct and Guaranteed Loans and Grants

The USDA Rural Development electric program offers the following sources of financing assistance: Hardship Loans, Municipal Rate Loans, Treasury Rate Loans, Guaranteed Loans, and Assistance to Rural Communities with Extremely High Energy Costs (loan and grant assistance). The primary differences between the programs are the qualifying criteria and the interest rate for each type of financing.

Hardship Loans are used to finance electric distribution and sub-transmission facilities at the 5 percent hardship rate to qualified borrowers. These direct loans are made to applicants that meet rate disparity thresholds and whose consumers fall below average per capita and household income thresholds. Hardship loans may also be made if the Program Administrator determines that the borrower has suffered a severe unavoidable hardship, such as a natural disaster. In addition, the Agency makes insured electric loans at an interest rate of 5 percent per year to qualifying applicants whose residential revenue exceeds 15.0 cents per kilowatt-hour sold.

Municipal Rate Loans are used to finance distribution and subtransmission facilities of both distribution and power supply borrowers, including, under certain circumstances, the implementation of demand side management and energy conservation programs. The interest rate is based on interest rates available in the municipal bond market for similar maturities. In most cases, borrowers are required to seek supplemental financing for 30 percent of their capital requirements under this program. Borrowers may choose from several loan maturity alternatives with associated varying interest rates, which track investment securities and change quarterly.

Treasury Rate Loans are used to finance distribution and subtransmission facilities of both distribution and power supply borrowers, including, under certain circumstances, the implementation of demand-side management and energy conservation programs. The standard interest rate on direct Treasury rate loans is established daily by the United States Treasury. Borrowers may select interest rate terms for each advance of funds. The minimum interest rate term is one year. Interest rate terms are limited to terms published by the United States Treasury.

Guaranteed Loans are provided by USDA Rural Development primarily through the Federal Financing Bank (FFB), Rural Utilities Cooperative Finance Corporation (CFC), and the National Bank for Cooperatives (CoBank). The FFB is an agency within the Treasury Department, providing funding in the form of loans for various government lending programs, including the USDA Rural Development guaranteed loan program. FFB loans are guaranteed by USDA

Rural Development and are available to all electric borrowers. FFB interest rates are fixed to the prevailing cost of money to the U.S. Treasury, plus an administrative fee of one-eighth of one percent. Under this program, loans are executed by the borrower and FFB, CFC, or the Bank for Cooperatives, with payment of principal and interest guaranteed by USDA Rural Development.

Assistance to Rural Communities with Extremely High Energy Costs provides grant and loans to be used to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities serving communities in which the average residential energy expenditure for home energy is at least 275 percent of the national average. Eligible entities are persons, state and local governments, and federally recognized Indian tribes and tribal entities. As of the end of calendar year 2002 only grant assistance has been appropriated.

There is a statutory cap of four percent on planning and administrative expenses for funds made available under these programs.

Renewable Energy Projects, including renewable energy systems, such as solar, wind, hydropower, biomass, or geothermal, can be financed through Guaranteed Loans.

Applications

Information about the USDA Rural Development electric loan programs and advice on completing and assembling an application are available from the national office of the USDA Rural Development.

For more information contact your nearest USDA Rural Development state or local office: or you may contact Rural Development's national office at (202) 720-4323. Or write to:
USDA Rural Development
Stop 0705
1400 Independence Avenue, SW
Washington, DC 20250-0705

Information is also available on our website at
<http://www.rurdev.usda.gov>

U.S. Department of Agriculture
Rural Development - Rural Business-Cooperative Program
(Revised October 2009)

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